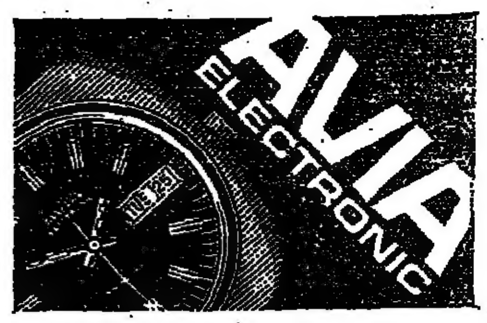
FINANCIAL TIMES

No. 26,706 Tuesday July 1 1975 ***10p



CONTINENTAL SELLING PRICES: AUSTRIA Sch.13; BELGIUM Fr.20; DENMARK Kr.2.75; FRANCE Fr.2.20; GERMANY DM1.70; ITALY L.300; NETHERLANDS Fl.1.50; NORWAY Kr.2.75; PORTUGAL Esc.15.00; SPAIN Pts.30; SWEDEN Kr.2.50; SWITZERLAND Fr.1.50.

NEWS SUMMARY

GENERAL / HOUSE

Australia decides to send wanted MP back

Runaway MP John Stonehouse and his secretary, Mrs. Sheila Buckley, were ordered yesterday by a Melbourne magistrate to be extradited back to Britain. They are expected to leave in about two weeks.

Both indicated that they would appeal against the order, but an application for bail was refused. Magistrate Cyril Simpson found that Mr. Stonehouse had a case to answer on charges against him and Mrs. Buckley on five charges.

Mr. Stonehouse told reporters he would ask for bail on arrival in Britain so that he could make a statement to the House of Commons. A psychiatrist told the court that committal to prison could seriously affect the MP's mental health.

Nkomo bid for leadership

Rhodesian nationalist Mr. Joshua Nkomo appeared yesterday to be launching a determined bid for leadership of the African national cause. Denying he had made secret deals with the ... or plotted to form a new ..., he strongly attacked ANC ... Bishop Abel Muzorewa ... other African leaders. Back ...

Lebanon Cabinet

... new Lebanese Cabinet was formed last night under Premier Rashid Karami to end the political crisis that has claimed the lives of more than 500 people ... President ... Christian ... but no ... Leftists. Page 5

More takeovers

... yesterday announced ... to nationalise land, newspapers, cinemas and private ... The national Times ... and the Sunday Times, ... by Lonrho are being taken over by the ruling party. ... Zambia has already nationalised ... mines and major ... Page 5

Greek expulsion

Turks in Cyprus announced yesterday that they plan to expel the remaining 10,000 Greek-Cypriots from the north and ... a scheme to colonise the ... they control, bringing thousands of Turks from the mainland. Page 6

Amin in Zaire

Uganda's President Amin arrived in Zaire for the country's independence anniversary celebrations amid speculation that President Mobutu ... attempt to mediate in the ... of death-threatened Briton ... Dennis Hills. ... 5.

People, places

... police found a ... [illegible] ... border.

... George McGovern, ... Mr. Nixon in 1972, ... considering running for the Presidency again next year. ...

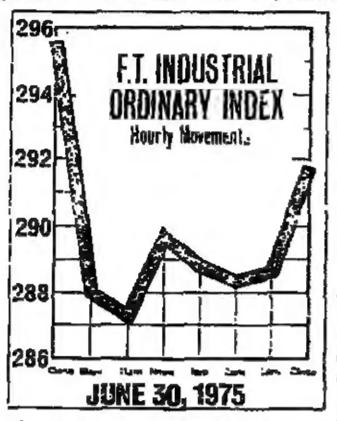
... Evonne Cawley ... and Margaret Court ... through to the Wimbledon singles semi-finals. Page 13

... evidence, if needed of ... country's ... the Federation of ... says we're running on ... because of a ... —and the Government ... allow emergency ...

BUSINESS

Equities off 3.8 after late rally

⊙ EQUITIES were marked down in the morning, taking the FT 30-share index down 7.6 points. Although still 7 points



off at 3 p.m., the index was helped by a late technical rally on bear-closing, closing with a loss of 3.8 at 291.8.

⊙ GILT-EDGED index gave up 0.57 to 57.76 as Government Securities gave ground—up to ...—on concern over the continued delay in Government action to stem the economic rot.

⊙ WALL STREET was up 7.20 at 880.32 near the close.

⊙ PRIVATE ARAB interests have set up an oil distribution company on the Continent, and are considering its extension into the U.K.
Back Page

⊙ DR. KISSINGER suggested minimum price system for imported oil will not ... International Energy Agency.
Page 6

$174.43 bid for U.S. gold

⊙ HOMESTAKE Mining — a major U.S. gold mining concern —bid $174.43 an ounce for 5,000 ounces of the 500,000 ounces put up at the U.S. Treasury auction yesterday. This bid was some $10 above the closing London price. Some 750 sealed bids were received.
Back Page

⊙ THE FUTURE of BP shares bought by the Bank of England from Burmah Oil will be decided by the Cabinet, Mr. Wedgwood Benn told the Commons.
Page 10

⊙ SIR DON RYDER is seeking support from institutional investors for the proposed National Enterprise Board.
Back Page

ICI workers return to work

⊙ PRODUCTION workers at ICI Wilton works on Teesside returned to work yesterday after an 11-day strike. The 2,300 craftsmen still on strike meet today to discuss the latest pay offer. Indications are they will return to work tomorrow.
Back Page

⊙ JAPANESE textile spinners have reported record losses for the six months to April, reflecting low levels of operation and a collapse in the market prices of wool and cotton.
Page 30

⊙ LANKRO Chemicals plans to form a joint company with Fallek Chemical Corporation of New York to manufacture and sell hormone weedkillers.
Page 7

⊙ FORD is prepared to cut profits to keep its U.K. car prices competitive.
Page 7

⊙ ENGLISH PROPERTY Corporation is to make £15.38m. rights issue in preference to carrying out developments on a leaseback basis or selling investment properties.
Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

...International	93	+	8
...Transvaal	190xd	+	25
...	50	+	3
...Val Gold	£45	+	2½
...ers Dfd	285	+	10
...eal	420	+	20
...Wallsend	290	+	20
...	230	+	10
...enteum	292	+	17
...a Inds	95	+	8½

FALLS

... 11½pc '79...	£99	−	...
...ury 12½pc '95	£89	−	...
... Barnes	150	−	6
...ays Bank	252	−	13
...dell	122	−	13
...	106	−	9
...ier	151	−	6
British Home Stores	284	−	8
Brockhouse (J.)	112	−	7
Cohen (A.)	120xd	−	10½
Eng. Prop. 6½pc Cv.	£125	−	14
Fisons	350	−	12
Hawker Siddeley	234	−	10
Lockwoods	72	−	7
London Austr. Gen.	38	−	3½
Magnet Joinery	105	−	11
Metal Box	218	−	10
Natnl. Westminster	202	−	12
P. & Hldgs.	42	−	5
Rank Org. "A"	172	−	7
Reed Intnl.	208	−	8
Royal Insurance	266	−	6
Smith (W. H.) "A"	325	−	22
Sun Alliance	507	−	17
Victor Woodhouse	206	−	18
Trust Houses Forte	84	−	7
Unilever	354	−	8
Warren (J.)	58	−	17
Yuques (G.)	100	−	6
...central	48	−	6

Pound falls by 1.3% in heavy selling

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

AFTER THE worst day for sterling during the current crisis, the pound last night closed 1.3 per cent. below its value of last Friday, at an all-time low of 28.9 per cent. less than its December 1971 level.

Selling of sterling yesterday was heavy and persistent. It came from many sources, and for the first time in recent weeks there were market indications of sales by the oil producing countries.

In the face of this very heavy pressure the U.K. authorities made no attempt to stem the tide. The official attitude seemed to be that in the present atmosphere it would be a waste of foreign exchange to embark on the sort of support operation mounted during the May run on the pound.

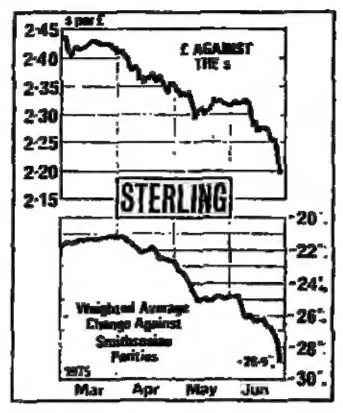
There was a slight improvement in the pound towards the end of the afternoon, but this was thought to reflect bear covering rather than official support or any change of sentiment.

Before the recovery to 28.9 per cent., the pound's depreciation rate was at one point unofficially calculated at 29.3 per cent., against 28.2 per cent. at the opening and 27.6 per cent. on Friday night.

In terms of the U.S. dollar sterling's decline was even more startling. After Friday's $2.2250 the rate plummeted at one stage to $2.1730—nearly 5½ cents down —before recovering a little at the close to $2.1920.

EXTENT OF THE FALL IN STERLING THIS YEAR

Currency	Dec. 31, 1974	June 30, 1975	% change
U.S.	2.3475	2.1920	− 6.6
D-Mark	5.66	5.16¾	− 8.7
Fr. Franc	10.41¼	8.86	−14.9
Belg. Fr.	84.20	77.50	− 8.6
Sw. Fr.	5.93¾	5.48¾	− 7.6
Guilder	5.88¼	5.35	− 9.0
Lira	1,519	1,382	− 9.0
Peseta	131.20	122.87½	− 6.3
Drachma	70.19	67.15	− 4.3
Yen	706	648	− 8.2



Once again the over-riding consideration in the foreign exchange markets is the state of the U.K. economy in general and the lack of firm anti-inflationary measures in particular.

Even the recent advancement of the Government's timetable for introducing the promised anti-inflationary measures is considered in the foreign exchange markets to be insufficient. The official timetable for action "within the next fortnight" is being greeted in the markets by demands for action now.

As one leading London foreign exchange expert put it last night —commenting on the authorities' tactics in the market: "The cause of the market's malaise is the lack of any anti-inflationary policy in this country. The cure is not to spend dollars on supporting an untenable rate, but to take the anti-inflationary measures."

The problem for the Government now is quite simply that foreign exchange market pressures do not look like allowing it to stick to a planned programme of talks on incomes policy with the unions and employers, with whom it is now in almost continuous contact.

While it is claimed that there is no "target" rate at which the Government must step in and support the pound, the problems are obvious if the decline continues at the sort of rate experienced yesterday.

Rumours have abounded in the past few days about British Government approaches to the International Monetary Fund. It has also been suggested that Mr. Gordon Richardson, the Governor of the Bank of England, had sought larger swap networks with other central banks.

These rumours were being strongly denied by official spokesmen last night.

The Government announced some time ago the lines of credit which were available to the U.K. in addition to the official reserves of $6.5bn.

They include: a $3bn. swap arrangement with the Federal Reserve Bank of New York; $3.2bn. from the IMF; a further $1.2bn. from the IMF's "oil facility;" a "theoretical maximum" of $5bn. short and medium term EEC credits.

Editorial comment, Page 16

Economic Ministers in vital talks

BY JOHN BOURNE, LOBBY EDITOR

SENIOR ECONOMIC Ministers met yesterday afternoon under Mr. Wilson's chairmanship against the background of the dramatic further slide in the sterling rate.

Those at the meeting included the Chancellor of the Exchequer, the Secretaries for Environment, Employment, Prices and Trade and the Foreign Secretary.

It was claimed in Whitehall that the meeting had been arranged towards the end of last week and thus was not specially summoned to consider yesterday's happenings in the foreign exchange market.

Quite clearly, though, yesterday's discussions must have been sharpened considerably by events which cannot but strengthen the hand of Mr. Denis Healey and the Treasury, which has been pressing hard for action.

Earlier in the day, the Prime Minister had said that the Government's solutions when they came must be "speedy in effect" as well as workable.

Speaking in the morning at the opening of the Royal Agricultural Show at Stoneleigh, Warwickshire, Mr. Wilson stated that the Government rejected "panic solutions."

But he added in what must surely be the most significant phrase in the speech that solutions to the economic crisis must be based "on the recognition that the Government has the right and the duty to take every measure to fortify and safeguard the defences against inflation."

The Prime Minister was obviously trying to respond to criticism that the Government was failing to act quickly enough or indeed that it was seemingly ready to wait and go on waiting until such time as an acceptable agreement might or might not emerge from consultations with the TUC and the CBI.

At the same time, Mr. Wilson was clearly anxious to show that he appreciated the much greater sense of urgency which was now making itself felt in these consultations.

"The Government will," he said, take whatever action is necessary to fortify the efforts which industry is so plainly making as we have witnessed by the deep sense of urgency shown in the past week and more from the management confederation and the TUC. We reject panic solutions and the advice of those who want to see us thrashing about wildly, searching for some melodramatic solution which would make good headlines but would not work.

"The solutions we apply, and they will not lack courage and determination, must above all be workable—effective, relevant, speedy in effect."

In his speech Mr. Wilson recalled that nine days ago he had said the Government and the nation must overcome the crisis by "building on what we have achieved," and must manifest the determination to succeed and to take all the necessary measures to that end.

"We want to do this on the basis of consent—consent with and throughout industry, with industrial management and workers."

There then followed the passage about the "Government taking whatever action is necessary to fortify the efforts of industry."

Earlier in his speech Mr. Wilson said that Britain should be proud that in the first five

Continued on Back Page

All-out effort to maintain TGWU backing for contract

BY LORELIES OLSLAGER, LABOUR STAFF

ALL-OUT EFFORTS to maintain the Transport and General Workers Union's support for the social contract were being made at the union's conference in Blackpool yesterday in preparation for a full-scale debate to-day.

Against the background of strong opposition to the contract, union leaders, including Mr. Jack Jones, the general secretary, appealed to the delegates to help the Labour Government stay in power. Meanwhile, behind-the-scenes, the drive to limit attacks on the contract as much as possible met with some success.

A number of strongly anti-contract motions have, in effect, already been removed from the agenda through the clever formulation of composite motions.

The main one, which will be backed by the executive, supports the contract while expressing total opposition to any form of statutory wage control and adherence to the principle of free collective bargaining.

The draft resolution also calls on the Labour Government to fulfil its duty under the contract by implementing the economic policies laid down in the election manifesto.

In particular, it calls for a large-scale redistribution of income and wealth, a wide-ranging and permanent system of price controls, vastly improved social services, extended public ownership, and controls over dividends and the export of capital.

Another composite motion simply says that the conference ... [illegible] ... free collective bargaining ... opponents of the social contract will now apparently have to rely ... Motions ... contract ...

Another draft motion asks the conference to back the proposal for flat rate increases for all employees during the next wage round, which is now being discussed by the TUC, the CBI and the Government as the most likely form of voluntary wage restraint in an effort to beat inflation.

On Wednesday, the conference is expected to discuss a motion which by implication would fix the flat rate at £8 a week, halfway between the maximum of £10 privately suggested by some union leaders and the £6 so far advocated by the Government and the CBI.

The £8 figure was first mentioned by Mr. Jones here on Sunday when he said that the TUC target for a minimum wage of £30 a week would have to be increased to £38 by September simply to keep up with inflation. So far, Mr. Jones has refused to say explicitly that he therefore considers the £8 to be the target for the proposed flat rate increases. But it is generally believed that his suggestion amounts to a sounding-out of opinion on such a target.

Mr. Jones made his appeal for support for the Labour Government yesterday in a debate on the closed shop. This and many other ... could only be ... with the help of the ... [illegible]

... [illegible] ... Mr. Len Forden ... [illegible]

... to Labour. There must ... never be a separation. ... may be, discussion of ... problems certainly, but ... all, unity ... otherwise there can be no future of real advance for the working people of this country."

The conference yesterday also passed a resolution calling for the introduction of a 35-hour week, which Mr. Jones said would offer a great opportunity for reducing unemployment.

John Elliott, Labour Editor writes: A call to employers and union leaders to negotiate a "national framework agreement" for pay rises which they would back even if it were opposed by damaging strikes was issued yesterday by a senior CBI leader.

He is Mr. Richard O'Brien, the chairman of the CBI employment policy committee, who has believed for some time that the two sides of industry should come together with the Government to work out a tripartite agreement.

Writing in the CBI's industrial relations bulletin yesterday he advocated an incomes policy as "incomparably the most civilised and rational way to tackle the problems which are at the root of our difficulties."

He added that machinery would be needed to operate it and said "acting together, there is no question in my mind that the employers and unions, with the co-operation of the Government, can lead the country out of its present impasse. But there is not much time left. Let us get on with the job and quickly."

Mr. O'Brien argued that "our ... in society ... as ... employers and managers demand ... take the lead in tackling ... and to do so we must ... lead in tackling the ... of pay at all levels." ... national framework agreement ... were needed within ... individual groups would ... agreements which ... the national interest.

"If we do not move in this direction we may well tear ourselves apart so that no democratic state of the kind we know is left in existence. But it does mean that we employers who pay the wages and therefore grant the increases must stand firm in cooperation with the TUC against claims which threaten to break the policy even though this means damaging strikes."

First 40 years of the FT Index

The Financial Times Industrial Ordinary Share Index is 40 years old to-day. On Page 16 we publish an article written shortly before his death by Sir Richard Clarke, who designed the Index in 1935.

British Rail subsidy limited

BY JOHN HUNT

MR. ANTHONY CROSLAND, the Environment Secretary, ... British Rail ... [illegible]

... accounted for by State and local authority support to the passenger system. This left a ... of £60m. on freight traffic which had to be met and could not receive State support under the terms of the Act.

The Secretary of State and the Board was considering urgently how it could reduce its dependence on Exchequer grant. In the short-term, relief would have to come from higher fares and charges and the Board had applied to the Price Commission for an increase of 15 per cent. in passenger fares from September ... Substantial increases were also expected in freight and parcel charges.

The Board had already taken action to reduce working expenses. In addition they had initiated urgent studies of their passenger and freight businesses aimed at identifying more precisely the worst loss-makers and ... remedial ... The Board would be consulted in the studies over productivity, manning ... [illegible]

FEATURES

ON OTHER PAGES

For latest Share Index 'phone 01-246 8026

LOMBARD

Import curbs for everyone's sake

BY C. GORDON TETHER

IT WOULD still seem that the Government, in common with the bulk of the Opposition, believes that there is some great virtue in refraining from making a direct assault on the problem of our excessive imports to re-establish control over our increasingly explosive external payments situation. They are evidently obsessed by the idea that this step would constitute such an immense disservice to the cause of fostering international trade that it would put Britain very much "in the bad" with the other trading nations—so much so, indeed, that we might have to pay an intolerably high price for our "sin" in other directions.

Is it, one wonders, too much to hope that there will be a general awakening to the realities of this crucial issue now that it is becoming painfully evident that Britain's misconceived preoccupation with doctrine is precipitating a sterling upheaval which, besides greatly aggravating our own problems, could well imperil the world's entire monetary structure?

When the Italian authorities discovered that the country's balance of payments health was being gravely undermined by the excessive growth of spending abroad in the middle of last year, they promptly took drastic action to reverse the process by employing the only device capable of producing the required improvement at the approriate speed—curbing imports directly. And far from this triggering off howls of protest and wholesale retaliation—which is what, we are always being told, would be the automatic consequence of such a British move—the reaction abroad was one of quiet approval.

Success story

What a success story the whole operation turned out to be can be gauged from the fact that the Italian balance of payments has enjoyed a recovery impressive enough to put the lira back on its feet and place the Italian authorities in a position to start laying the foundations for a re-expansion programme at home.

A comparison between this and our own story for the same period is almost too painful, from the British point of view, to think about. And there is one point that cannot be too strongly emphasised in this connection in view of the fashionable practice of blaming all our difficulties on to the inflationary awards won by trade unions. It is that the rise in the cost of living that has done so much to fuel wage claims would have been much less marked if it had not been for the powerful stimulus the fall in the value has given to the rise in prices for imported items.

Now we seem to have arrived at the moment of truth for this "big-hearted" determination to continue importing on a scale that we simply cannot afford out of regard for an absurdly idealistic interpretation of the rules of the trade liberalisation game. And the term "game" is increasingly appropriate seeing the extent to which these rules are being "bent" by other countries with the help of the floating rates weapon.

Thus not only has our own economy been debilitated to the point at which it is being contended that nothing less than the most stringent retrenchment programme can stave off disaster. The interests of the countries we were supposedly concerned to protect are effectively being put in jeopardy by the threat which the £'s weakness is posing to the international monetary structure. And there is surely no need to underline the serious implications a continuance of the £'s fall from grace could have for the City's deep involvement in the international banking business.

Demonstration

There should be no more shilly-shallying on this question. If there is no provision in the international trade rules for allowing a country to take direct action to rehabilitate its external payments when the alternative is to leave it to drift towards disaster dragging the rest of the world in its wake, it is high time that it was created.

The concern about sterling that prompted the recent selling wave is obviously closely connected with the pace of inflation in this country and to eliminate it the Government will obviously have to demonstrate that it is planning to tackle that problem in determined fashion. But even the most vigorous action on this front is going to take some time to find a reflection in the external payments field—especially as the initial effect of the new tumble in the £ will be to produce a major contraction in Britain's export earnings.

Therefore, to impress foreign opinion where it really counts and to get the exchange rate factor on our side in the inflation battle, it is essential to make a frontal attack on the problem of excessive imports. We can do so in the confident knowledge that nothing will be more welcome to the rest of the world than such a clear demonstration that we intend to leave no stone unturned to stave off the threatened sterling catastrophe.

RACING — BY DOMINIC WIGAN

Take a chance on Flying Dice

HENRY CANDY, who sent out that promising two-year-old, Dove, to land the opener at Lingfield on Saturday, has his Kingstone Warren team in fine trim, and I expect Flying Dice to be another winner for him in to-day's Agricultural Handicap (7.10) at Warwick.

This Skymaster gelding, who stayed-on strongly to beat Darcy and 13 others at Nottingham last Septemer, has had two races this season. After showing-up well for a long way when seventh of 17 behind Miss Filbert here towards the end of April, Candy's charge did well to run the smart Yamadori, from whom he was admittedly receiving 17 lbs, to two lengths in the one-mile Foxton Handicap at Leicester on May 26.

A reproduction of that running at Leicester ought to enable Flying Dice, who will be ideally suited by the additional quarter of a mile here to run out a comfortable winner.

Willie Carson, who put himself back in the jockeys' championship race with the remarkable total of 12 winners last week, is also at Warwick this evening — primarily to partner Lennox Gardens in the evening's most valuable event, the Lenton and Bray Cup (7.40) for which there is £1,500 in added prize money.

Robert Armstrong's Lennox Gardens, who is half-brother by

FOLKESTONE
1.25—Skibo
2.25—Purple Princess
2.55—Exquisite
3.25—Gentle Melody
3.55—Miss Twitch

WARWICK
7.10—Flying Dice*
7.40—Lennox Gardens**
8.10—Heraclius***
8.35—Pleasure Garden

Pall Mall to that top-class middle distance handicapper, Funny Man, found only Phrontis too good on his reappearance at Newmarket in the spring. He again did well on his only subsequent outing, when a narrowly beaten third behind Top Level and Astor Boy over seven furlongs at Leicester on April 26.

Lennox Gardens, who was possibly unlucky to be caught at Leicester, where he wandered slightly in the closing stages through lack of company, can gain a well-deserved first success by outpacing John Dunlop's Tipperary Girl, a narrow winner from the moderate Some Dame at Kempton four weeks ago.

Another jockey enjoying a highly successful spell is Lester Piggott, and it will come as a major surprise if he cannot take the Kenilworth Plate (8.10) on Henry Cecil's two-year-old, Heraclius, whose form seems far superior to anything achieved by his rivals.

Mr. Charles St. George's good-looking Don II colt created a highly favourable impression when a close fourth of 19 behind Panorealm at Yarmouth five weeks ago, and he confirmed that promise at Leicester a week later, finishing a length runner-up to the speedy and more experienced Firestorm.

A second possible winner for Cecil is the American-bred Muy Hombre, whom he saddles for Mr. St. George's wife in the Folkestone Stakes (3.25) on the Kent course. However, a better prospect here to my mind, is Gentle Melody, a close third behind Photofit and Vrondi at Sandown recently.

SALEROOM — BY ANTONY THORNCROFT

Sevres service makes £33,600

ONE OF the best and most complete services of Sevres china in private hands was sold at Christie's yesterday for £33,600. Sent for sale by Mr. Edmund de Rothschild, it consists of 115 pieces and is painted, in colours, with named ornithological specimens after De Buffon. It was made in the 1780s and contains the marks of numerous painters.

There are other pieces from this service in the possession of the Queen. The collection was bought by Rochelle Thomas of New York and was the star item in a sale of Continental porcelain, which totalled £130,459.

A Capodimonte dish by Giovanni Caselli of the mid-18th-century, showing a Dutch ship in the Bay of Naples, was bought by the London dealer Ferminger for £4,830 while a German buyer, Botti, paid £4,620 for a Ludwigsburg rococo dinner service painted "en camaieo" rose. Among the other good prices were £4,410 for a Furstenberg coffee and tea service, bought by Mischel, and £3,990 given by Rochelle Thomas for a large Sevres service painted with bouquet of flowers, also from the collection of Mr. de Rothschild.

At Sotheby's there were some very high prices in a sale of Netsuke and other Japanese works of art. A Kakiemon jar of the late 17th-century was acquired by the London Gallery of Tokyo for £12,000, more than double the forecast, and a Kakiemon bowl went to Shirley Day for £3,800, as against an estimate of £250-£350. An even higher price was the £6,500 paid for an ivory netsuke of a witch and her pups by Okatone, also double its forecast.

Sotheby's also sold printed books. A Kolmscott Press edition of the works of Chaucer, one of 425 copies of 1896, was bought for £2,500, while a "Picturesque and Descriptive View of the City of Dublin by James Malton in 1818, doubled its estimate at £1,050, the same price as an angling book of about 1620 probably by John Dennys.

Judging by recent experiences there should be some high prices at Sotheby's on July 7 whe... large Persian portrait of ... 'Ali Shah, attributed ... painter Mihr 'Ali ... auction. It was painted ... 1810-15. Quajar paintings of this quality are rare and it could fetch more than the £200,000 paid for a picture of Fath 'Ali Shah's 15 sons and grandsons, sold last April at Sotheby's, the £200,000.

On the 15th at Sotheby's, the Tara collection of 79 pieces of African sculpture comes under the hammer. It was put together by Mr. and Mrs. J. W. Gillon of New York. Among the best pieces are a Bajokwe hunters' wood whistle, carved in the shape of a mask (from Angola or Southern Congo), and an Ashira-Bapunu wood "white faced mask" from Congo Brazzaville. In the same sale some Benin bronzes will be up for auction.

Oak displayed its continuing popularity at Phillips sale of furniture, which totalled £22,088. Hay paid £900 for a set of ten carved oak dining chairs in the Carolean style. A set of seven carved mahogany dining chairs after Chippendale sold to Grant for £300. In a sale of oil paintings which totalled £14,537, Marin paid £1,700 for a painting of the Madonna and Child after Murillo.

WINE — BY EDMUND PENNING-ROWSELL

Some recent tastings

NINETEEN SEVENTY-FOUR was by no means a great vintage, but it was not a disaster like '65 or '68, and by this time of year one would normally have edged along long tables at trade tastings, sniffing, sampling but not swallowing specially imported examples of last year's wine.

However, in view of the overstocked state of the market, it is scarcely surprising that trade tastings of young vintages have been few. Gone are the days when classed growth clarets could be retailed here, with the wine still lying in cask at the château; and the collapse of wine speculation has brought so much relatively mature wine onto the market as to depress prices of more recent years.

German wines

However, Sichel and Co., who subsist on the strictly moral earnings of a blue nun, were courageous enough to hold instead a large tasting of 31 exceptional German wines—all '71s except one '67. If possibly not quite the "tasting of the century," as the list somewhat challengingly proclaimed, so far it has certainly been the tasting of the year. It was also scarcely non-commercial, in that only a small proportion of the wines shown came from the firm's own stock.

There is no doubt that 1971 was the finest German vintage for nearly 20 years, with '53 its most recent competitor. The finer wines were not expensive in terms of German wines. For, contrary to what may be thought, the Germans do not expect to pay high prices for their wines: hence the popularity within Germany of fairly basic white bordeaux.

Sichel's tasting included representatives of all the leading districts, including a distinctive Iphöfer Julius-Echter-Berg Beerenauslese from Franconia. This was one of six beerenauslesen, followed by five trockenbeerenauslesen. Among a wealth of luscious riches I found the Moselles particularly attractive, owing to their good balance of fruit and acidity.

These included the Wiltinger Braunfels Auslese (P.N.Erben), a big-tasting wine that should keep well, the full-flavoured Piesporter Goldtröpfchen Auslese and the delicious, well-balanced Piesporter Goldtröpfchen Beerenauslese (both from Tobias) and the concentrated-tasting Graacher Himmelreich Trockenbeerenauslese (Friedrich-Wilhelm Gymnasium) which had my vote among the rich, raisiny wines in this category.

Among fine wines too numerous to mention here, I picked out Münsterer Dautenpflänzer Auslese (Staatsweindomäne, Niederhausen), a big Nahe wine with plenty of acidity, a Niersteiner Pettental Auslese (F. K. Schmitt) and a Geisenheimer Schlossgarten Beerenauslese (Schönborn), a wine with an exceptional aroma and plenty of fruit. The lesson to be learnt from this remarkable tasting is to acquire fine '71s while they are still available.

If Sichel's tasting was courageous, then surely the Findlater/de Luze showing of 1974 clarets was near-heroic—the first and so far the only considerable range of these wines shown in London. The better-known wines had no prices on them, though no doubt the owners would be only too glad to quote. At the time of this tasting the only classed-growth '74 offered was Beychevelle, said to have been sold to an American company at Frs.11,500 a tonneau, compared with Frs.25,000 for the '73. Of the '74s shown by de Luze, some of the lesser wines, notably from Bourg and Blaye, were reasonably fruity, but all too many wines seemed very light, lacking fruit.

Among the classed-growths Léoville Las Cases appeared to have the best combination of colour, fruit and balance, but Lynch Bages, which often contrives to make a palatable wine in a moderate year, had more stuffing than most. When the market recovers, there will be some drinkable '74s at very reasonable prices, but one cannot say more than that.

Different

A different kind of bordeaux tasting was given by Gilbeys to celebrate the 100th anniversary of the purchase of Ch. Loudenne, which in 1875 cost them no more than £25,000. For many years the property was considered primarily as a collecting point with cellars for their purchases throughout the region, but about 20 years ago vigorous re-planting and extension began in the vineyard, while the splendid chais were modernised.

At the tasting in London both white and red wines were shown, including an attractively fresh white '73, bottled only six months after the vintage, and lacking the over-sulphured, heavy flavour of much white bordeaux. The reds ranged from '71, soft but rather sweet for my taste, to '61, an outstanding wine bottled in London, though nowadays all wine is bottled at the château. This '61 is not, of course, commercially available, though the '66 and '70 — both fruity wines — are well-worth looking out for. With the vineyard now reasonably mature, some excellent wines should be made at Loudenne in good years.

In recent years there has been an increasing interest in the Rhône wines, and there is no better merchant than Jaboulet Ainé of Tain l'Hermitage. At a London tasting given by their agents, O. W. Loeb, the ... were mostly '72s and '73s. R... wines are not all that ine... sive these days, but the ... such as Hermitage and ... Rôtie can be wines of distin... equal to all but the top Côte d'Ors.

Jaboulet's own Hermitag... Chapelle '73 (c. £3 retail) ... light but fruity wine for d... ing in two or three years' ... (Most red Rhônes are drun... too young.) Although ... Jaboulet particularly favo... his '72 Hermitage (c. £4), ... he compared with the '61 ... outstanding wine that I ... vouch for, I found the '71 ... £3.75) rounder and easie... drink now. Lighter, but wi... deliciously flowery aroma ... distinctive style was the '73 ... Rôtie Jumelles (c. £3). Oft... find white Rhônes rather h... and clumsy, but they showed ... Crozes Hermitage Mule Bla... (c. £1.75) that was fresh ... even slightly spritzig.

An unusual tasting was g... to a small number of ... writers by the Mirabelle ... taurant to demonstrate the ... ceptional quality of its ce... To-day, few, very few, Lon... restaurants buy wines ... young and keep them ... mature; most rely on mercha... stocks.

However, as Mirabelle patr... will know, they have a wine ... remarkable for its variety ... well as its depth. The 16 wi... shown on this occasion inclu... claret and burgundy. The cla... ranged from Mouton-Bar... Philippe '67 to Mouton-Ro... child '18. The first was forw... and to my mind rather ... appointing like too many '... and the '18 was a museum pie... interesting but understandab... past its best nearly 70 years aft... a medium-quality vintage.

My three favourites were Ga... '61, a fruity Pomerol now à poi... for drinking; Montrose '53, ... rich wine and one of the be... I have tasted from a St. Estèph... château prone to make rath... tough wines; and a most di... tinguished Domaine de Chevalie... '45, with a fine old-claret no... and beautiful balance.

Burgundies

Of the white burgundies, t... Bâtard Montrachet '70 (De... grange) was very developed f... its age, and so was the Cort... Charlemagne '70 (Jadot). ... favourite among the red bu... gundies was the Corton Bre... andes '59 (Thevenot), a we... rounded wine, with plenty ... colour and fruit, but not ove... chaptalised as I found the Rich... bourg '52 (Romanée-Conti). ... for the prices, they were not o... of the way for wines of th... class—the Domaine de Chevali... '45 was listed at £13.50—and ... great deal less than one woul... find it in a leading Paris re... taurant.

TV/Radio

† Indicates programme in black and white.

BBC 1

1.00 p.m. Cwestiwn Arall. 1.30 Bagpuss. 1.45 News. 1.55 Wimbledon. Lawn Tennis Championships. †4.23 Regional News (except London). 4.25 Play School. 4.50 Kim and Co. 5.15 Animal Magic. 5.40 Captain Pugwash.
5.45 News.
†6.00 Nationwide.
6.15 Wimbledon.
6.50 The Little House on the Prairie.
7.40 Sykes.
8.10 Sutherland's Law.
9.00 News.
9.25 Ali v Bugner.
10.25 Going Places.
10.55 Midweek.
11.23 The Sky at Night.
†11.38 Regional News.

All Regions as BBC 1 except at the following times:—

Wales—5.15-5.40 p.m. Bilidowcar. 6.00-6.15 Wales To-day. 6.50-7.10 Heddiw. 7.10-7.40 Y Chwilotwyr. 7.40-8.10 Larger Than Life. 10.25-10.55 Folk Scene. †11.38 News of Wales.

Scotland—10.00-10.10 a.m. Wacky Races. 10.10-10.35 Robinson Crusoe (film series). 10.35-11.00 The Record Breakers. 6.00-6.15 p.m. Reporting Scotland. 10.25-11.15 Churchill's People. 11.15 The Sky at Night, followed by †Scottish News Summary.

Northern Ireland—4.23-4.25 p.m. Northern Ireland News. 6.00-6.15 Scene Around Six. 10.25-10.55 You're On. †11.38 Northern Ireland News Headlines.

England—6.00-6.15 p.m. †Look North (from Leeds, Manchester, Newcastle); †Midlands To-day (from Birmingham); †Look East (from Norwich); Points West (from Bristol); †South To-day (from Southampton); †Spotlight South-West (from Plymouth). 10.25-10.55 North (from Leeds) You ought to be in Pictures; North-West (from Manchester) Ballad of the North-West; North-East (from Newcastle) Music Makers; Midlands (from Birmingham) Countrywide; West (from Bristol) Falling; South-West (from Plymouth) Peninsula; South (from Southampton) The Prince of Waterloo; East (from Norwich) On Camera.

BBC 2

11.00 a.m. Play School.
2.00 p.m. Wimbledon Lawn Tennis.
7.30 Newsday.
7.45 Collector's World.
8.10 The Tribal Eye.
†9.00 Tuesday Cinema: "The Double-headed Eagle."
10.25 Match of the Day from Wimbledon.
11.10 News Extra.
11.29 Closedown: Gwen Watford reads "The Little Falls Pool" by Norman MacCaig.

LONDON

10.50 a.m. Primitive Man. 11.40 Galloping Gourmet. 12.05 p.m. Yoga for Health. 12.30 Yak. 12.40 Rainbow. 1.00 First Report: News, FT index. 1.20 Lunch-time To-day. 1.30 The Taste of the South. 2.00 Good Afternoon. 2.30 The Royal Show. 4.25 The Flintstones. 4.50 How. 5.20 Shang a Lang.
5.50 News from ITN.
6.00 To-day.
6.40 Crossroads.
7.05 Here We Go Again.
7.35 Tuesday Mystery Movie: McMillan and Wife.
9.00 Edward the Seventh.
10.00 News.
10.30 The Case Against Dogs.
11.30 Checkmate.
12.00 Bone of Contention.

All ITV Regions as London except at the following times:—

ANGLIA

11.45 a.m. The Royal Show. 1.25 p.m. Anglia News. 2.00 Houseparty. 4.25 Wait 'Till Your Father Gets Home. 6.00 About Anglia. 7.00 Survival. 7.30 Mystery Movie: McCloud. 11.30 Reflection.

ATV MIDLANDS

11.45 a.m. The Royal Show from Stoneleigh Abbey, Kenilworth. 1.20 p.m. Lunch-time Newsdesk. 4.25 The Houndcats. 6.00 ATV To-day. 7.00 Cartoon Time. 7.15 Tuesday Mystery Movie: McCloud. 11.30 Open Day.

BORDER

11.45 a.m. The Royal Show—a return visit to Stoneleigh Abbey, Warwickshire. †1.25 p.m. Border News. 2.00 Houseparty. 4.25 The Woody Woodpecker Show. 6.00 Border News and Lookaround. 7.00 Mr. and Mrs. 7.30 Cartoon Time. 7.35 Mystery Movie: Shaft. 11.30 Police Surgeon. †12.00 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunch-time News and What's On Where. 4.25 Wait 'Till Your Father Gets Home. 6.00 Report at Six. 7.00 Curtain Raiser. 7.10 Mystery Movie: Columbo. 11.25 Visages de France.

GRAMPIAN

11.45 a.m. Showjumping from the Royal Show. 12.35 p.m. Grampian News Headlines. 1.20 Lunch-time Call. 2.00 Houseparty. 4.25 The Merrie Melodies Show. 6.00 Grampian News. 6.10 The Adventurer. 7.00 Marc Time. 7.30 TV Movie—Snoop Sisters. 11.30 Evening Prayers.

GRANADA

10.30 a.m. Spiderman. 10.50 It's Fun to Read. 11.00 The Magic of Music. 11.15 A Big Country. 11.45 The Royal Show. 1.20 p.m. This is Your Right. 4.25 Wait Till Your Father Gets Home. †5.15 Chuckleheads. 5.20 Crossroads. 6.00 Granada Reports. 6.35 University Challenge. 7.00 Cartoon. 7.10 The Tuesday Movie: Jack Webb in "The Big Dragnet." 11.30 Pathfinders.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 4.25 The Osmonds. 5.20 Help! 5.25 Crossroads. 6.01 Report West. 6.18 Report Wales. 6.35 The Protectors. 7.05 Winner Takes All. 7.35 The Tuesday Movie: "See The Man Run," starring Robert Culp and Angie Dickinson.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.25-4.35 Miri Mawr. 4.35-4.50 Miri Mwy. 6.01-6.18 Y Dydd. 7.05-7.35 Sale of the Century. 10.30-11.15 Ar Brawf. 11.15 World in Action.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.18-6.35 Report West.

SCOTTISH

11.45 a.m. The Royal Show from Stoneleigh Abbey, Kenilworth. 1.25 p.m. Road and Weather Report. 2.00 Houseparty. 4.25 Zigzag. 5.20 Kiri. 5.25 Crossroads. 6.00 Scottish News. 6.05 Isabel on Tuesday. 7.00 Cartoon. 7.15 Tuesday Mystery Movie: McCloud. 11.30 Late Call. 11.35 A Place in Europe.

SOUTHERN

11.00 a.m. Yoga for Health. 11.20 Daffy Duck. 11.30 Hammy Hamster's Adventures on the River Bank. 1.20 p.m. Southern News. 2.00 Houseparty. 4.25 The Flintstones. 5.20 Dodo. 5.25 Crossroads. 6.00 Day by Day. 6.45 University Challenge. 7.15 The Tuesday Film: "On The Threshold Of Space," starring Guy Madison. 11.30 Oscar Peterson Presents . . . Cleo Laine and Johnny Dankworth. 12.00 Southern News Extra.

TYNE TEES

12.35 p.m. Starting Point. 4.25 Castaway. 6.00 To-day at Six. 7.00 Betty Boop. 7.15 McCloud. 11.30 Late News Extra. 11.35 O Susanna.

ULSTER

1.20 p.m. Ulster News Headlines. 2.00 Houseparty. 4.23 Ulster News Headlines. 4.25 Woody Woodpecker Show. 6.00 Summer Reports. 7.00 Bridget Loves Bernie. 7.30 Tuesday's Film: "Tarzan The Magnificent," starring Gordon Scott.

WESTWARD

11.25 a.m. Yoga for Health. 11.50 Survival. 12.15 p.m. Around the World in 80 Days. 12.38 Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 4.25 Wait 'Till Your Father Gets Home. 6.00 Westward Diary. 7.00 Curtain Raiser. 7.10 Mystery Movie: Columbo. 11.25 Westward Late News. 11.28 Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 4.25 Castaway. 6.00 Calendar. 7.00 Sylvester and Tweety. 7.15 McCloud. 11.30 Police Surgeon.

RADIO 1 247m

(S) Stereophonic broadcast.

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker, including new Top 30 discs and 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) also on VHF. 5.00 Newsbeat. 5.15 Alan Freeman: Youth Club Call. 7.00-12.33 a.m. As Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 World Heavyweight Championship: Report from Kuala Lumpur. 6.04 Simon Bates (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 7.32 World Heavyweight Championship. 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.02 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 Wimbledon '75: 1,500m only (also 202m Scotland) VHF joins Radio 1, including 2.45, 3.45 and 4.45 Sports Desk. 5.02 Waggoners' Walk. 5.17 Sam Costa (S) VHF only. 5.17 1,500m only (also 202m Scotland) Wimbledon Lawn Tennis, including 5.45 Sports Desk. 7.02 Beat the Record. 7.30 Sports Desk. 7.32 Sing Something Simple (S). 8.02 The Musical World of Cyril Ornadel with the BBC Radio Orchestra (S). 9.02 The Impresarios. 10.02 Sports Desk. 10.05 Colin Berry (S) with Music Through Midnight, including 12.00 News. 12.31 a.m. News Summary.

RADIO 3 464m, Stereo & VHF

7.00 a.m. News. 7.05 Overture: Schubert, Brahms, Prokofiev (S). 8.00 News. 8.05 Morning Concert: J. C. Bach, Boccherini, Grétry (S). 8.55 John Clare and Birdsong (poetry). 9.00 News. 9.05 This Week's Composer: Mendelssohn (S). 9.55 Poets on Music (S). 10.15 Liszt: Symphonic Poem: Orpheus Piano Concerto No. 1, in E flat (S). 10.50 Aksel Schiøtz (tenor) (1906-1975). 12.10 p.m. Cardiff Mid-day Prom, part 1: Hindemith, Strauss (S). 1.00 News. 1.05 The Arts World-wide. 1.20 Concert, part 2: Vaughan Williams (S). 2.00 Music in Our Time (S). 3.05 Melody (S). 4.20 An Erik Satie Entertainment to mark the 50th anniversary of his death. 5.15 Jazz To-day (S). 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). 6.30 Study on 3. 7.30 The Art of Clara Haskil (S). 8.00 From the Royal Festival Hall: Beethoven, Mahler (S). 8.30 Jacob Bronowski in conversation, part 10. 8.50 Concert, part 2: Berlioz (S). 9.40 Drama Now (S). 10.35 Ravel piano music (S). 10.40 Bach Cantata (S). 11.25 News.

RADIO 4

434m, 330m, 285m and VHF

† Medium Wave only.

6.20 a.m. News. 6.22 Farming To-day. 6.40 Prayer for the Day. 6.45 To-day including 6.50 and 7.50 VHF Regional News. 6.55 Weather, programme news. 7.00 News and more of To-day including 7.27 Sports Desk including news of the World Heavyweight title fight between Muhammad Ali and Joe Bugner. 7.35 To-day's Papers. 7.45 Thought for the Day. 7.55 Weather, programme news. 8.30 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Celebration. 11.45 James Cameron with BBC Sound Archive recordings. 12.00 News. 12.02 p.m. You and Yours. 12.27 Kenneth Williams Playhouse. †12.55 Weather, programme news: VHF (except London and S.E.) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour, including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 The Charterhouse of Parma. 4.00 News. 4.05 Gardeners' Question Time. 4.35 Story Time. 5.00 PM Reports. †5.50 Financial Report: VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 Home to Roost. 6.45 The Archers. 7.00 News Desk. 7.30 Kaleidoscope. 8.00 From the Royal Festival Hall, part 1 (as Radio 3) (S). 8.30 Jacob Bronowski (as Radio 3). 8.50 Concert, part 2 (as Radio 3) (S). 9.40 Shakespeare: Sir John Gielgud reads from the Sonnets (S). 9.59 Weather. 10.00 The World To-night. 10.45 A Book at Bedtime. 11.00 The Financial World To-night: Radio 4's International Business Report: Market Trends. 11.15 To-day in Parliament. 11.45 News.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.03 Downtown. 11.02 In Town. 12.03 p.m. Call In—1. 12.34 London News Desk. 1.03 Call In—2. 2.03 206 Showcase. 4.03 Matter of Fact. 4.32 Home Run including London News Desk at 5.00, 6.00. 7.03 In Town. 8.00 Lobby. 8.30 All That Jazz. 10.03 Robbie Vincent's Late Night London. 12.00 As Radio 2 until closedown.

London Broadcasting

261m and 97.3 VHF

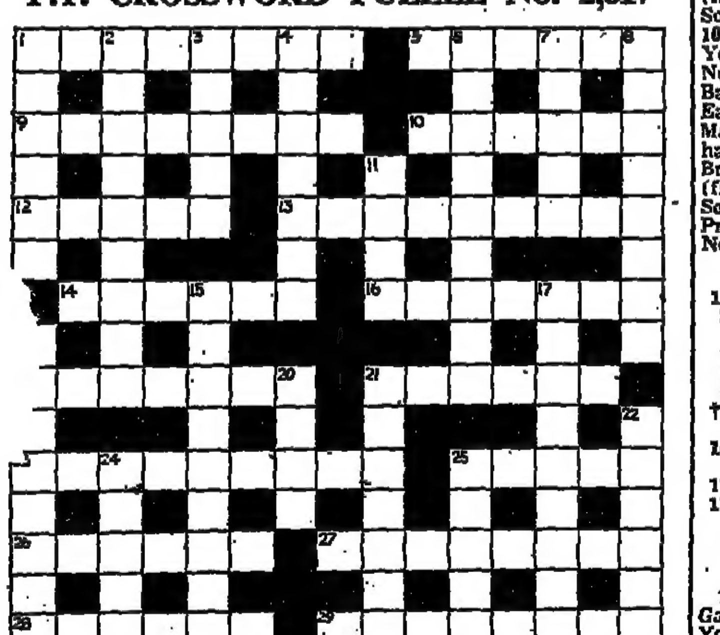
6.00 a.m. "AM": London's breakfast-time news show, with interviews, traffic and travel service, plus sport. 9.30 Parliament from the Inside—LBC's report on the House of Commons. 10.30 Open Line—London talks to George Gale. 12.00 Newswatch, plus live reports from the House of Commons, including, at 3.15 p.m., Prime Minister's Question Time. 6.00 Newsbreak. 7.30 London Matters. 9.00 Love in London. 1.30-6.00 a.m. Nightwatch—News every half-hour.

Capital Radio

194m and 95.8 VHF

6.30 a.m. The Breakfast Show. 9.00 Michael Aspel with Music, Features, Advice and Swop-Shop. 12.00 Cash on Delivery with Dave Cash. 3.00 Roger Scott with Music. 7.00 London To-day. 7.30 Open Line. 9.00 Nicky Horne's rock show. 11.00 Tony Myatt's late night on Capital. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 2,817



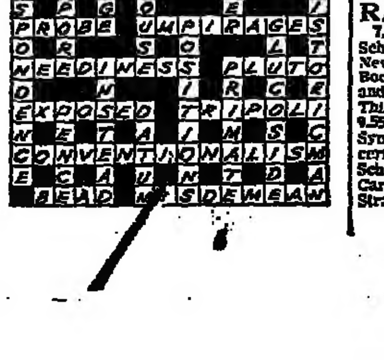
ACROSS

1 Bird in the main bound to be confident (8)
5 French leader should have struggled (6)
9 Nonsense letting private perish (5-3)
10 Household troops grow old (6)
12 Banger losing initial sex-appeal with treatment (5)
13 Girl's matching clothes designed by t' French philosopher (9)
14 Person making a noise during meal? (6)
16 Display back-stage swank (4, 3)
19 Dance or part thereof (3-4)
21 Turn right round gallery (6)
23 Strange thing to decline at end of day . . . (9)
25 . . . apart from a team (5)
26 Public address system giving West-end trouble (6)
27 Bit of pork for male swimming pool attendant (4, 4)
28 Does half a score have to rush? (6)
29 Re-enlist maybe in Ireland (8)

DOWN

1 Destined to be supplanted by rival (3, 3)
2 Tower built by father between English and foreign rivers (9)
3 Filthy place the French have in a manner of speaking (5)
4 Bird who is lac (7)
6 Go too far concerning open fire (9)
7 Pleased to point to clearing (5)
8 Definite strokes of the regiment (3, 5)
11 Cast taken to ship (4)
15 Uneasy when refusing to see visitors (3, 2, 4)
17 Confess to being 15 and aware of current trends (3, 4, 2)
18 Spinner Nick considers first-rate (3-5)
20 May I ask to beg? (4)
21 Free about letting . . . (7)
22 . . . to curator who always stays fresh (6)
24 Information given to you and me in class (5)
25 Like a female to be pale (5)

SOLUTION TO PUZZLE No. 2,816



هكذا من الأصل

Annely Juda

Russian constructivism

Revolutions in art are generally limited in notion. The word tends to be applied to technical innovations (dripping paint on a canvas, say, as opposed to laying it on with a brush), to theoretical assumptions (art for the people, for the greater glory of God, or for art's sake), and, more often than not, to the usual generation gaps.

However, art in revolutionary Russia did go through startling developments. They were short-lived, partly because of changes in the political climate in the '20s, partly too because much of the art bred its own dissolution and diversification. For a while, though, the interests of an avant garde were attuned to those of the new social order. Ideas developed in the political minorities who took power from 1917 onwards were to a great extent paralleled and echoed in the works of artists who questioned all established notions of art.

This involved applying fresh names to old procedures, not just fresh -isms but new identity tags. So, to the Stenberg brothers and the Obmokhu group of young artists to which they belonged, the revolution brought the chance to assert fundamentalist values in art. Their exhibitions, which began in May 1919, were determinedly utilitarian. Works weren't signed, nor were they shown as works of genius. Art was seen to be a practical pursuit, devoted to the everyday needs of society. It was all very idealistic.

Anxious to avoid the ivory-towered artists' studio image Obmokhu declared themselves laboratory workers, wholly opposed to the decorative ends of, for instance, second-wave Cubism. Thus their works were to be seen as research projects, ideas which might conceivably be given function in factories and streets. There were obvious artistic contributions to be made—posters, books, costumes, stage designs, furniture, and workers' overalls. But the main point of the investigative attitudes adopted by the Obmokhu artists was to prove, both to their own satisfaction and that of the outside world, in particular maybe, the Bolshevik authorities, that the sort of research into form, materials and structures they carried out intuitively was of social use and value.

As things turned out, the experiment had a stifled ending. The artists scattered, some to continue in various design jobs. Others died or disappeared. Ironically, and inevitably perhaps, the fate of the art was to lie well within the ambit of the standard art world. Giants, or geniuses, were identified, Malevich and Tatlin in particular being regarded as the prime movers in the non-objective movement. Works were hoarded, cherished, treated as icons or as treasures. They started appearing in the Western art market. Their financial value soared and they were given different political status ("free art at odds with totalitarianism" and other such simplistic slogans) and a prime place in the art histories.

Part of Annely Juda's constructivist exhibition consists of drawings, by Lissitzky, Exter, Popova, Rodchenko, and others. But the main part is devoted to reconstructions, one a Tatlin corner-piece relief, the rest by the Stenbergs.

These are four tower/bridge/crane objects, each one known as a "Spatial Apparatus," KPS for short, in keeping with the general laboratory-mindedness. They were rebuilt according to blueprints and photographs, included in the exhibition and now stand tall and elegant in the gallery. "The artist's work differentiates itself from that of the engineer by a creative quality which is proper to itself," Tatlin wrote: a statement which is somewhat auto-destructive. For the "creative quality," from another point of view is, uselessness. And the four KPS reconstructions compound the uselessness by being repeat versions of dated experiments. Indeed the only reason for the existence of the objects is gallery and art world demand. The structures in themselves are no more than Bridge over the River Kwai efforts; remarkable, dramatic indeed as set properties, beguiling in close-up (particularly in the handsome catalogue) but otherwise not of vital importance.

The exhibition is open until July 12.

WILLIAM FEAVER

Festival Hall

Karl Böhm

The Grand Old Man of Austrian music—a mere 81-years-old, small, slim and spry-looking—visits us so seldom that his appearances become special occasions, fed by his recordings and by traveller's tales of his achievements in Vienna, Salzburg, Bayreuth, New York, Paris ... practically everywhere but poor, impoverished London. On Sunday he descended on the London Symphony Orchestra for a single concert. Needless to say, the hall was packed.

It was in most respects a splendid concert, and if in this notice there are any undertones of regret that is because it wasn't even finer, something only likely to have come about if Böhm and the LSO met more frequently. Böhm first conducted them at the 1973 Salzburg Festival and is to do so again this year. Well and good, but for the most enriching results a period of constant work together seems indicated. At any given time there is usually one conductor who appears in his maturity as the repository of the great classical tradition (if such a thing really exists). For some years that man seemed to be Klemperer. Now it is Böhm.

He opened with Mozart's A major Symphony K201, the first movement mellow, very *moderato*, so gently accented that it was almost like an exercise in self-control, pairs of oboes and horns lurking discreetly behind a largish body of strings. The Andante was masterfully simple. Böhm's Mozart is anything but narrowly confined—this was leagues away from the white-hot tension of the dramatic recitatives in his Salzburg *Idomeneo*. The finale felt long. Not even Böhm can prevent the main theme from becoming over-insistent.

The *Don Juan* of Strauss had the place of honour before the interval. If Böhm after so long an acquaintance with this music can bring to it a mind so fresh and cogent, one must try to listen with fresh ears. Although this was the part of the concert where conductor and orchestra seemed least at home together, there was much of interest: in the unanimous attack of the first phrases, the sonority of the horns in their big theme, some soft string turmoils.

Schubert's Great C major after the interval was filled with wisdom and enlightenment, with Böhm refusing to storm the romantic heights, as if he were less concerned with big things like Bruckner due to come later than with modest forerunners like Schubert's own earlier symphonies. Unexpected details, a slightly quicker tempo here, a slightly slower one there, sounded perfectly spontaneous. In the finale Böhm drew endless vitality from the four obsessive minims without pounding them. Best of all was the scherzo, the rolling string arpeggios allowed to gather momentum naturally, the balance and lilt in the trio wonderfully right.

RONALD CRICHTON

Luca Giordano: Philosopher III.

Heim Gallery

'Luca Fa Presto'

by DENYS SUTTON, Editor of Apollo

Some gay blade, if one still surives, ought to found a Luca Giordano Society; the secretary would spend a busy time organising events when news arrived that a new picture by this versatile and fluent painter had been discovered. What fun it is going round museums and palaces in out-of-the-way places and coming across, as is often the case, yet another Giordano!

His output was enormous and he is said to have painted some 5,000 works. Not surprisingly Professors Ferrari and Scavizzi, the two leading experts on this master, are preparing a supplement to their three volume monograph on "Luca Fa Presto," as he was called. He almost ran a factory and Dominici, who wrote a good account of Giordano in the eighteenth century, pointed out that he had many collaborators. For the modern scholar the task of distinguishing the master from his studio assistants is a taxing one.

The exhibition at the Heim Gallery does not aim to do more than present certain aspects of Giordano's painting. It is a small show but it does remind us of Giordano's role in Italian and Spanish art in the second half of the seventeenth century and of his role as an influential decorative painter. It also directs attention to the Neapolitan school, which is not quite so well known as it deserves to be; it has much to offer, not least Ruoppoli's delicious water melons and Belevedere's elegant bouquets of flowers.

Giordano was born in Naples in 1632, the son of a painter. He probably studied under Ribera, that dour Spanish artist whose works the macabre character of whose pictures thrilled his Neapolitan admirers. Giordano was an infant prodigy and went to Rome at the age of 13, painting copies and even, it has been suggested, fakes. His pastiches included "Dürers" and "Lucas van Leydens." He had an actor's talent for playing one part after another.

When in Rome he studied under Pietro da Cortona in whose studio he learnt the most modern methods of decorative painting and, when visiting Venice, he fell in love with Veronese's colour. He was thus admirably equipped to produce the sort of sophisticated and "learned" decorative style which pleased the cultivated patrons of his day. He became an international star.

Cosimo III de Medici brought him to Florence where he revitalised Florentine decorative painting and executed the famous ceiling, *Apotheosis of the Medici*, for the Medici Riccardi Palace, most of the sketches for which are in Denis Mahon's collection. This important work helps to explain Giordano's popularity: they show his gift for bright colours, his spirited uninhibited handling of paint and his clearly articulated composition. There is a cheerful ebullience about the ceiling and the sketches for it.

It was hardly surprising that Charles II of Spain invited him to Madrid, where he became Court Painter. The appointment was logical, for he was the only artist who could be entrusted with the task of finishing the decorations in the huge Escorial Palace, and he could be relied on to get on with the job. His energy was prodigious and when in Madrid he painted an attractive ceiling for the Buen Retiro.

Giordano was the first of the Italian decorators who worked in Spain and his successors include Giaquinto and, greatest of all, G. B. Tiepolo. The influence of these three Italians counted for something in the development of Goya.

After the accession of Philip V, in 1702, Giordano returned to Naples, painting the *Story of Judith* on the ceiling of the Certosa di San Martino in 1704. He died a year later.

How interesting to see in the exhibition the four paintings of philosophers which show how Giordano could catch the spirit of Ribera and no wonder that sometimes his paintings have been attributed to the Spanish artist. They show that Giordano was intrigued by human behaviour and the catalogue tells us that they reflect the scientific and intellectual interests then prominent in Naples.

Giordano could turn his hand to a variety of themes; he was a thorough professional. He was especially at ease with compositions that challenged his talent for rendering movement, such as the *Massacre of the Innocents*, a subject that evidently appealed to Neapolitan connoisseurs. Giordano liked drama, and his pictures are often spiced with rich and sombre colour and contain bold forms and psychological interest. Drama was in his blood. It is not surprising to learn that he undertook decorations for festivities and the stage, and doubtless he was as successful and lively in this department as in others. If he had lived in Diaghiliev's time, he would surely have been pressed into service as a designer for the Russian Ballet.

It would have been understandable if Giordano's work had tailed off towards the end of his life, but this was not so, and the *Stoning of St. Stephen*, which dates from his Spanish period, shows him to be as inventive as ever. He was a born virtuoso, who could not resist coming on stage to play another cadenza before the curtain came down. All the same it is hardly surprising to read in Dominici's life that Giordano was an ill man, suffering from stomach troubles and nausea. This compulsive worker paid the penalty for success.

Wigmore Hall

Leggate/Flowers/Loo

by MAX LOPPERT

The Royal Northern College of Music has sent down to London two of its most talented singers. On Sunday they (and the young Hong Kong pianist Nancy Loo, also from the College) shared a recital that was full of good things, achieved equally as much as promised, in music and styles where success is to-day unexpected.

Robin Leggate, this year's holder of the Richard Tauber Scholarship, is a lyric tenor with a strong, distinctive style, and a voice of metal gleam as well as lyric grace. The opening phrases of Mozart's Little German Cantata, K.619, shaped with unusual youthful solidity, made one sit up; as recitative moved into aria, it became clear that, for an ex-chorister, Mr. Leggate has entirely avoided the polite bleating that passes for tone-production among English tenors of choral origins. This is indeed a kind of tenor voice relatively rare in recent times; in the records of Walter Widdop, or Henry Wendon, we can hear—as we heard here in the lifting phrases of four Vaughan Williams' *Songs of Travel*—a bold yet flexible timbre, a manner of directness and ringing clarity, that can be warm and noble, chivalrous and poetic. It is early to proclaim Mr. Leggate a young Lohengrin (he will have to mind his German consonants or, in translation, his English vowels); that he promises fair to become one, and an exceptionally likely Tamino, is praise indeed.

Katherine Flowers, who after the interval sang Debussy and Chausson (with the same attentive accompanist, Jeremy Spurgeon), is an equally distinctive singer of an utterly different sort. As in this year's Pierre Bernac master class at the Purcell Room, she manifested a command of French singing styles that more celebrated performers spend a lifetime trying to attain. In the *Chansons de Bilitis*, the formation of words into phrases was often of a beauty and discreet, faun-like delicacy that had one hanging on each syllable, and though the sudden bloom of Miss Flowers' chest voice changes colour quite startlingly higher up, the blend of tact and voluptuousness in her mezzo tone was just right. Rare indeed the mezzo who enobles the lush sentiments of Chausson's *Chanson perpetuelle* with so light, fragrant and heartfelt a performance—even the absence of the string quartet was hardly noticed.

With just the two of them it would have been a pleasure to spend the evening. Instead two quite sizeable chunks of both halves were given over to Liszt and Prokofiev piano music. In her first Liszt piece, the *Sonnetto No. 104*, Nancy Loo drew from the piano a full-mettled sonority that was impressive—but also dawdled and meandered until the shape of the music was lost. In the Second Paganini Etude and the *Rigoletto* Paraphrase some elegant and ample playing was traduced by careless pedalling (this hall accommodates pianos well if care is taken; if not, the resonance can be uncomfortable). Some forceful projection, and also some bad mistakes, in the Prokofiev Sixth Sonata completed the impression of a talented, not yet fully fledged player.

Free Improvised Music at the Soho Poly

The Soho Poly is to become a new Jazz Centre Society venue for Free Improvised Music on Fridays at 8.30 p.m., starting July 4.

The development of Free Improvised Music over the past ten years has been quite remarkable, and many of the most influential and respected of its practitioners have been British. In spite of this there is still a lack of opportunity in this country for these musicians, many of whom are better known in Hamburg than in London. So the JCS is starting regular weekly sessions in the intimate setting of the Soho Poly, basement theatre, 16 Riding House Street, W1 (off Langham Place).

On July 4 the Evan Parker/Paul Lytton duo with Paul Rutherford, solo trombone will begin the venture, to be followed on July 11 by AMM (Lou Gare, tenor sax; Eddie Prevost, drums). Guitarist Derek Bailey will also appear. On Friday July 18 The Four Pullovers will play and on July 25 will be Chamberpot, a quartet, which brings together musicians from jazz and non-jazz backgrounds.

Hamburger Kunsthalle

William Blake and art around 1800

by RONALD HOLLOWAY

Thanks to the British Council, the Hamburger Kunsthalle under Werner Hofmann's direction has made William Blake the apex of its five-exhibit, year-long cycle on *Art Around 1800* (*Kunst um 1800*): 225 of his works, in the largest collection ever assembled outside England. The exhibit, moving on to Frankfurt for the summer, is a major event, it captures the fullness of Blake's visual art, as well as introducing in his elaborate method of "illuminated printing" a mystic often referred to as the English equivalent of Jacob Boehme. Second in attendance only to the German romantic Caspar David Friedrich, Blake has proved a favourite of the cycle, particularly among the young, outdrawing the collection of Ossian painters and Johan Heinrich Füssli (the German spelling for Henry Fuseli), with Johan Tobias Sergel to close the cycle.

The completely documented catalogues (Prestel - Verlag München and Hamburger Kunsthalle, each DM20) are springboards into the mysterious, closed, symbol-laden world of Blake's ideas, or "visions," by providing the historical material and information to put this unique phenomenon into proper perspective amid the turbulent intellectual currents of his day. By placing him at the core of the exhibit, immediately following Fuseli and Friedrich, other demon-possessed painters, the neophyte can readily estimate the totality of the man and the contours of his thinking, even when reduced to the single page of a book.

Hamburg was introduced to Blake as early as 1811. Henry Crabb Robinson, the indefatigable diarist, was one of the few to write on the painter during his lifetime, but the article appeared in German for the first issue of *Vaterländisches Museum*, a short-lived journal published in Hamburg by Philipp Otto Runge's friend, Friedrich Perthes. Although the article, titled *William Blake, Artist, Poet and Religious Visionary*, does him honour even in the translation—among the choice of poems is "The Tyger" from *The Songs of Experience* — it wasn't of any service to Blake in London as poverty began to close in after the failure of the 1809 exhibition.

An intriguing aspect of Crabb Robinson's tribute is the prefatory quote from Shakespeare, "The lunatic, the lover and the poet, Are of imagination all compact," which was probably meant to throw some light on the mystic's symbols of beauty and terror in describing with grim compassion the loss of innocence.

Occasionally, a modern mystic like Thomas Merton tries to catch his thought on the wing, to join those flying, anti-Newton figures taken from Fuseli in the air, before Blake's magical images of preliterate substance settle down on the page in a visual unity of word and picture. This metaphysical pursuit also seems to be at the heart of the Hamburg exhibit by virtue of the cycle's all-embracing universality in coming to grips with life in Europe at the turn of the 19th century, a period convulsed by war, revolution and changes of all kind.

William Blake (1757-1827), not just artist, poet and seer but printer, engraver and illustrator, was a child of his times as much as a one-man religious revival.

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His visionary power and terrifying honesty, although funnelled from medieval manuscripts of the Bible, was tempered by the depth of natural wisdom emanating from the writings of Jeremy Taylor, Swedenborg and Boehme, which he absorbed just as readily. He was as much obsessed with dreams, sex and violence as many of the intellectuals of his time.

Blake lived at a fateful period of world change. He felt the promise of the American Revolution in his early '20s, and his poetry of the early '30s ecstatically embraced the French Revolution, only to seek a way out before forty in mystical experience: Pitt's violent repression of radicalism in 1794-95 endangered him as it did Paine, Godwin and Holcraft among the company he kept. He grew up with the Industrial Revolution on his doorstep, leaving London just once in 1800 to clear his mind of depression. His paintings, especially chart his state of mind during those formative years, much in the way that Expressionists Ensor and Munch reflect with heavy compassion the growing concerns of this century. And so far as his visions of heaven and hell and sexual freedom are concerned, his climactic *Jerusalem* hints that he remained an honorary member of the Great Eastcheap Swedenborgian Society to the end.

Kunst um 1800, a cycle of breathtaking exhibits, "dramatises" the world of Blake as a broad horizon of ideas in need of a unifying principle. Reason clashes with Romance in the Ossian exhibit (among others: Angelica Kauffmann in England, Runge in Germany, Ingres in France). Macpherson's forgeries mystified a continent for over a decade (ranked with Homer by Goethe) and enchanted the powerful long afterwards (ranked above Homer by Napoleon). The style and character of these grandiloquent paintings, as well as the legend itself, resurfaced in *Har and Heva*, *Mnetha Looking on* (ca. 1788-89) in Blake's mythological *Book of Thel*, among the first of the illuminated books: at the same time he was embarking in *The Songs of Innocence* on his unique contribution to the history of art, the method of illuminated printing modelled after initials in medieval manuscripts.

The Caspar David Friedrich exhibit attracted a record 200,000 visitors: sometimes, on bitter-cold, rainy November week-ends, the crowds snaked over the bridge between the Kunsthalle and the Bahnhof. Like Blake and Coleridge, Friedrich's leaning toward the metaphysical and the introverted resulted in a smybolism that a pragmatic approach to his art, at best, stumbles over—and standing in the rain is not the habit of a pragmatist. The Fuseli exhibit, echoing again the horrors of the time, almost seems to be the anomaly in comparison with the two—save that no other artist influenced Blake's visions more than Fuseli. They shared a love for Michelangelo and a grudging admiration for Milton; and in view of Blake's open disdain for nearly every other English painter of his day, his remark that Fuseli was not "normal" fairly amounts to a slap on the back. Fuseli, Blake and Sergel, completing the cycle, also shared a flair for the erotic, the artist's weapon against the hypocrisy of conventional morality on sexual matters.

Sergel's splendid gifts as a sculptor provides another striking leitmotif to Blake and *Art Around 1800*: the search for the sublime in naked, Michelangelesque figures. Milton was generally offered as the primary example of the sublime in literature, and, as Blake records, he credits much of his spiritual development during the three-year exile at Felpham to an intense study of *Paradise Lost*. He was obviously extremely pleased with his drawing of *Satan Calling up His Legions* (1808) for *Milton*, his collection of water-colours illustrating the poet's work. The Adam-Satan figure represents the summit of his mystical powers and is the closest he ever came to a self-portrait.

WORLD TRADE NEWS

UAE to pay for S. Yemen mineral exploration

BY MICHAEL TINGAY

ADEN, June 30.

THE United Arab Emirates have agreed to pay for a large-scale mineral exploration programme in the Peoples Democratic Republic of Yemen. In an arrangement finalised last month but just revealed, the UAE has undertaken to pay for a complete programme of surveys and exploration for copper, silver, gold, titanium and zircon, all of which have been shown to exist by geological analysis but have not so far been exploited.

This complements the oil programme, under which the Petroleum and Minerals Board of South Yemen has recently advertised in the Western Press concessions for oil exploration.

Six foreign companies have been approached directly by the Board for explorations other than oil, including two British companies, as well as two Japanese, Russian and French concerns. This was the formula favoured by the UAE Fund, according to reliable sources.

The main area for the tenders which were put out on June 23 and will close on July 31, is in Maabir-Ghabar, 50 km south-west of Mukalla in South Yemen's Eastern Fifth governorate.

In Wadi Ghabar the geological prognosis from former surveys indicates copper ores of 1.34 per cent. in deposits, and showings of silver of 34.8 grams per ton and gold of 29.2 grams per ton. The Board in Aden is asking for surveys and prospecting to be carried out within 12 months of tender.

A 24-month period has been decided upon by the Board for investigating placers of titanium and zircon in Sifal and Raydat (80 kms west of Mukalla) and Syhut Qishen and Al Gheida (150 kms east of Mukalla).

The South Yemen has taken the unprecedented step of advertising for foreign oil companies to submit bids for oil exploration in the Republic. The Board has followed the Egyptian pattern, which has proved so successful over the past 12 months, and is offering production-sharing joint ventures on a basis of 40 per cent. for the company (for cost recovery) and 60 per cent., out of which the company takes 12 per cent. and the Board 48 per cent.

Informed Egyptian sources say that Aden consulted Cairo, and the Egyptian General Petroleum Corporation, prior to the decision to look for exploration capital from foreign companies. Observers note that contracts will contain signature bonuses of the type from which Egypt has received more than $70m.

Democratic Yemen has an erratic history of oil exploration dating from the troubled times of British colonial occupation. The only serious exploration took place in the Thamoud area in the East in the early 1960s when a small number of exploration wells were drilled, of which one produced a show, according to oil industry sources.

Exploration activities were interrupted by the National Liberation Movement, and oil activities were started again in the now eight-year-old republic with an agreement with the Algerian National Company Sonotrach.

The South Yemen Algerian Petroleum Corporation (SYAPCO) started activities in 1971 on a basis of Algerian technical assistance in a company owned 51 per cent. by the Yemen National Oil Company, established in 1970.

Oil exploration, under the new Yemen policy, will be carried out over 37,000 square kms in the promising Thamud area, which has already been geophysically surveyed. The Soviet Techno-Export concern is still engaged in a project to survey 60,000 of South Yemen's 300,000 square kms by aero magnetic methods.

Aid funds for Japan's shipbuilders

By Peter Duminy

TOKYO, June 30.

THE JAPANESE Ministry of Transport wants $950m. to be earmarked to fund the shipbuilding industry's deferred payments next year, an increase of $620m. compared with funds expected to be available from the Export-Import Bank in 1974-75.

This appears likely to be the main plank of the government's programme to keep most shipyards in business through the world-wide industry recession.

The proposals will now be discussed with shipbuilders, and then submitted to the Finance Ministry for final approval. According to a Transport Ministry official, normal Ex-Im Bank interest charges would apply.

The industry appears certain to press for greater relief. Spokesmen said there was an enormous need for credit facilities because many cash contracts were being re-negotiated on credit terms, while almost all new contracts involved deferred terms.

Shipbuilders have long complained that foreign competitors get more help from their governments than Japanese yards, including some cases of governments shouldering the inflation risk inherent in fixed price contracts.

Ex-Im Bank finance for the shipyards was an estimated $271m. in 1974-75, and is budgeted to rise about 21 per cent. to $330m. this fiscal year.

Other ministry of transport proposals relate specifically to medium and small yards, whose difficulties are greatest, since few are diversified. Many have invested heavily in facilities to build large ships and are known to have tendered at keen prices to land contracts.

The government and Central Bank will be asked to ensure that commercial bank credit is made available to medium-sized yards. Smaller yards which have been assisted under credit insurance legislation will continue to be so designated, with plans to procure a new $15m. assistance fund from private sources.

It is also proposed that all shipbuilders, including their subsidiaries and suppliers, should qualify for unemployment insurance funds, meaning that they would be helped to meet the cost of retirement payments to workers who agree to be made redundant.

Private jetties at Lagos

BY OUR OWN CORRESPONDENT

LAGOS, June 30.

NIGERIA is considering a proposal for private companies and individuals to build jetties and landing points within their premises with view to solving perennial congestion at the country's main seaport, Lagos.

Captain Olufemi Olumide, the Federal Commissioner for Transport, confirmed that the port situation had worsened lately despite major investment in cargo handling equipment and strenuous efforts by a high-powered cabinet committee set up last April to de-congest the port.

Chartered vessels, he said, had contributed largely to the deteriorating situation at Lagos port, which handled more than 300,000 tonnes of cargo last month compared with 188,000 tonnes a year earlier, a 60 per cent. rise.

Captain Olumide said obsolete cargo handling equipment, low productivity, cumbersome customs procedure, poor access roads and railway services were among the defects at the port.

Seven tugs, 60 barges and about 100 trailers and tractors had been purchased to help speed up clearance of goods.

Tenders will soon be processed for the installation of ten mooring buoys to facilitate midstream discharge of cargo.

About 170 ships, half of them carrying cement and other building materials for government projects, were awaiting berthing space at the week-end.

Pakistan import policy

By Iqbal Mirza

KARACHI, June 30

THE NEW import policy for 1975-76 maintains the four-year-old liberal pattern, and incorporates additional facilities and items to expand productive capacity and maximise production.

The policy carries on the existing arrangement of a free list covering mostly industrial raw materials, spare parts and machinery, and a short tied list, to be financed from barters and credits.

Mr. Ejaz Ahmed Naik, Secretary of Commerce, said the monetary ceiling for the import of machinery for balancing, modernisation and replacement had been raised from Rs.500,000 (£22,400) to over Rs.700,000 (£31,400) and for credits and barters from Rs.1m. (£44,800) and Rs.2m. respectively to Rs.1.5m. (£67,300).

The ceiling will also be available to the private sector in respect of construction and engineering, including drilling and boring equipment. Mr. Naik hoped the private sector would take full advantage of the measure and improve productive capacity of its industrial units as well as quality of products.

He assured the business community that, despite tremendous pressure on "our foreign exchange resources," the government had every intention of continuing the liberal trend on import policy, because it was in the best interests of the country and the common man.

Swiss winter tourism down

BY JOHN WICKS

ZURICH, June 30.

FOR THE past winter season from November, 1974, to April, 1975, Swiss hotels recorded a total of 12.94m. bednights, or 3 per cent. fewer than 12 months earlier and 4.5 per cent. below the record in 1972-73.

Foreign tourist bednights fell 2.5 per cent. to 7.44m., with declines of 16 per cent. for British, 10.5 per cent. for French, and 12 per cent. for North American visitors. There was a 4 per cent. decline for Swiss residents.

Despite the overall 3 per cent. decline, the number of bednights in winter-sports areas was only 0.3 per cent. below 1973-74. In skiing resorts in the Bernese Oberland and Central Switzerland, the number of bednights was higher than in the previous winter. Bednights recorded by hotels in major towns, however, were on average 7.5 per cent. lower.

BR to bid for Venezuelan rail network

By Our Own Correspondent

CARACAS, June 30.

BRITISH RAIL and Transmark will be members of a consortium which will submit bids for the construction of a 620 kilometre railway line in Venezuela, according to Mr. Richard Marsh, the BR chairman. The line would be a major link in the 4,000 kilometre of railroads that the Venezuelan Government plans to build over the next 15 years.

Mr. Marsh and Mr. Ken Smith, managing director of Transmark (Transportation Systems and Market Research) left Venezuela at the week-end after four days of talks with Government officials about the country's railway needs. Mr. Marsh said that the 620 km. stretch, which would tie together Puerto Ordaz, in Venezuela's iron ore and steel producing region, and San Juan de Los Morros would require an investment of several hundred million pounds.

The group that ultimately gains the contract would also be required to provide an extensive training programme so that Venezuelans would be able to run and maintain the system.

IN BRIEF

Venezuelan steel

Venezuela and Sweden have signed a co-operation agreement on iron and steel output, metallurgy, shipbuilding, forest management and environmental protection. Venezuela is particularly interested in obtaining foreign bids to construct new steel plants and shipyards.

Tug services

Montreal Genstar (owned by Societe Generale, Belgium) may operate tug and barge services in the Gulf area. Talks with Middle East interests are expected to be concluded within a month.

Flights to Antilles

Commercial airlines have resumed flights between Venezeula and the Dutch Antilles after a dispute over passenger services caused flights to be cancelled for three days. A "temporary solution" reached by the two governments limits the type of aircraft and numbers of passengers that the two foreign airlines KLM and ALM can operate between Caracas, Aruba and Curacao.

Cruises to Israel

An increasing number of cruise ships are again calling at Israel's Haifa port. A new luxury ship, the Castalia, owned by Hellenic Mediterranean Lines, is calling every second week all round the year. She has single-class accommodation for 400 passengers and 350 cars.

LUCAS VENTURE IN PHILIPPINES

By Our Own Correspondent

MANILA, June 30.

Joseph Lucas (Industries) and the Philippine Electrical Corporation have received clearance to undertake a joint venture manufacturing alternators, starter and wiper motors here.

The Government Board of Investment has authorised a project to produce 85,000 motors annually, sufficient to supply the country's entire new car production under its progressive car manufacturing programme.

The company will be 40 per cent. owned by Lucas and 60 per cent. by Philec, in accordance with the Philippines' requirements regarding foreign investment.

Production is scheduled to start next year and to reach full capacity by 1980, when sales should reach £2m. Government regulations stipulate that at least 50 per cent. of the components must be manufactured locally by 1980.

Contracts Abroad

A WEST GERMAN consortium is to construct Luxembourg's first atomic power station. The 1,300MW pressure water reactor installation will be built in Remerschen, Upper Moselle. The turnkey contract has gone to a consortium comprising Brown Boveri, Babcock Brown Boveri Reaktor, both of Mannheim, and Hochtief, Frankfurt.

DOMINION BRIDGE (owned by Canadian Pacific through Algoma Steel) will construct and erect process towers costing $30m. for Atomic Energy of Canada's La Prade heavy water plant at Gentilly, Quebec. Capacity will be 800 tons of heavy water yearly. Building will take two years, and the plant is scheduled for production in 1979.

AMERICAN NEWS

Argentina may purchase N-package from Canada

BY DAVID FISHLOCK, SCIENCE EDITOR

ARGENTINA is negotiating with Canada for the purchase of a package of nuclear technologies, similar to the sale agreed between Brazil and W. Germany in a treaty signed last Friday.

The package includes heavy water manufacture, one of the three "sensitive technologies"—the others are uranium enrichment and spent-fuel reprocessing—for which more stringent safeguards against any diversion into nuclear weapons are now being sought.

Canada is one of the seven participants in a series of meetings in London to try to find new formulae for safeguarding nuclear technology transferred to nations which have not signed the Non-Proliferation Treaty. Argentina is not a signatory to the NPT.

The U.S. newsletter Nucleonics Week reports that the agreement between Canada and Argentina looks "extremely tight" and prohibits the making of any kind of nuclear device, "peaceful or otherwise." It also covers the lifespan of the plant to be provided, and not just the customary 15-year period of safeguards.

The complete package provides for up to four Candu natural uranium reactors together with fuel fabrication facilities, to be supplied by Atomic Energy of Canada. One of the reactors is already under construction at Cordoba, and in addition the nation already has a Siemens natural uranium reactor of 300 MW. The programme is designed to give the customer 2,700 MW of nuclear power by about 1985.

Some 50 per cent. of the Cordoba Candu is to be built locally, and the intention is to increase the local content to about 80 per cent. for the last of the series.

The Canadians have already agreed to supply heavy water for the first Candu reactor. Later, contracts are to be negotiated for local manufacture of heavy water, and for reprocessing—a technology the Canadians themselves have not yet attempted commercially.

A six-point fuel cycle programme drawn up by Argentina's National Atomic Energy Commission (CNEA) plans, first, to construct uranium purification and fuel fabrication plants in time to provide half the first fuel charge for the Cordoba reactor in 1978, with Canada providing the other half.

Second, it plans to fund a $70m. uranium mining project in Argentina, to supplant the present small-scale mining of indigenous uranium. Three groups—Pechiney (France) and General Engineering and H. A. Simmons (Canada)—have been invited to bid for this project, a decision of which is expected within two to three weeks.

Third, it plans to build a factory producing zirconium alloy pressure tubes, a critical feature of the Candu reactor, to come into operation in 1981.

Fourth, it plans to have a heavy water plant in production by 1982-83, using Canadian technology.

Fifth, the CNEA itself plans to construct an experimental spent-fuel reprocessing facility by 1977.

Sixth, the programme provides for the construction, by 1983-85, of a pilot plant to develop new designs of fuel element adapted to Argentina's requirements.

The next meeting of the nations discussing new safeguards for the "sensitive technologies" is planned for September, when the seven will discuss specific proposals for tightening safeguards, based in part on experience gained in negotiating the Brazilian and Argentinian contracts.

Unions crisis deepens

BY ROBERT LINDLEY

BUENOS AIRES, June 30.

UNION MEMBERS converged on the General Confederation of Labour (CGT) headquarters here to-day while their leaders met at the light and power workers' headquarters to decide whether to meet head-on the Government's challenge to their position.

The CGT leaders said that they would announce their decision later to-day at a CGT plenary session, but President Maria Estela Martinez de Peron has summoned them to her office at the hour fixed for the session. They may not obey the Presidential summons.

Meanwhile, workers all over the country are taking matters into their own hands and walking out to put pressure on both the Government and on their own leadership. They insist that the Government relent in its decision to annul the recently achieved wage contracts, which gave some unions rises of more than 140 per cent. and they want the CGT leaders to hurry up and order an unlimited general strike to force the Government to back down.

On Saturday President Maria Estela Martinez de Peron announced to the nation her annulment of the wage contracts—going back on her word early this month that they would be honoured — and set a 40 per cent. limit on pay rises, promising two more rises, both of 15 per cent., by January. She said that Argentine's economy was on a war footing because of the serious state of the country. New Economy Minister Celestino Rodrigo is going on radio and television to-night to press home this point further.

The senior leaders of the CGT—Secretary-General Casildo Herreras and metal workers boss Lorenzo Miguel — may or may not be in Argentina. They are variously reported to be in Montevideo, Uruguay, across the River Plate from here, in Madrid and in Geneva, where they were attending an International Labour Organisation meeting when this crisis erupted.

Canadian prison guards' strike call

OTTAWA, June 30.

FEDERAL PRISON guards warned to-day that they will strike on Wednesday unless the Government promises to apply the death penalty to anyone convicted of killing policemen or prison guards.

The warning was issued by Mr. Paul Gascon, a spokesman for the guards' union, and follows the killing of a guard at Montreal Prison two days ago. Four prison employees have been killed so far this year.

Under Canadian law only those convicted of killing policemen are liable to capital punishment. The Federal Cabinet must review all death sentences, and the Cabinet has commuted all such sentences since 1962.

Reuter

Bolivia 'to quadruple its oil output by 1980'

BY HUGH O'SHAUGHNESSY

BOLIVIA expects to quadruple its present oil output of 50,000 barrels a day by 1980. This was stated by Colonel Guillermo Jiménez Gallo, the Bolivian Energy Minister and President of YPFB, the state oil concern.

YPFB yesterday signed a $35m. loan for the installation of new refinery capacity at Santa Cruz and a lubricants plant at Cochabamba. $20m. of the loan is for eight years with a 2½ year grace period at an interest rate of 2¼ per cent. over the London inter-bank rate and the remaining $15m. for five years with a 2½ year grace period at 2 per cent. over LIBO. The loan was managed by Bank of America and Citicorp.

YPFB has already received a $46.5m. loan from the Inter American Development Bank for an oil refinery at Cochabamba. By 1978 Bolivia should be exporting 15,000 barrels a day of oil principally to Brazil and Paraguay.

PERU TAKE OVER LARGE SHIPYARD

By Our Own Correspondent

THE PERUVIAN Government announced that it had taken over the country's largest privately-owned shipyard, the Banchero group's PICSA yard, based at the port of Chimbote.

PICSA has concentrated exclusively on the production of fishing vessels, first, during the 1960's for the large Peruvian anchovy fleet and recently for the international market.

Olympics TV coverage now

BY OUR OWN CORRESPONDENT

GENEVA, June 30.

BROADCASTING unions covering the entire world, except North America, declared to-day that the financial demands made by the Canadian organisers make it impossible for them to show the 1976 Montreal Olympic games on television.

The seven unions bring together radio and television stations in East and West Europe, Africa, Asia and South America. In a joint statement issued at a meeting in St. Moritz, they reaffirmed their determination to reject the demands for television rights made by the Canadian organising committee.

A separate statement issued by the European Broadcasting Union (EBU) for western Europe and the International Radio and Television Organisation (OIRT) for eastern Europe, said that September is the final deadline for reaching a compromise on Olympic coverage.

After that time, the two organisations said, it will be too late to make satisfactory technical and organisational arrangements. "The two unions are determined not to accede to the present financial demands," the statement declared.

McGovern may run again for Presidency

By Adrian Dicks

WASHINGTON, June 30.

SENATOR George McGovern, who went down to one of the most crushing defeats in American political history in 1972 against Mr. Richard Nixon, has caused mild astonishment here with the news that he is quietly considering running again for the Presidency next year.

The Senator has not denied a report in the Washington Post to-day that he recently wrote to a number of his major financial backers of three years ago to ask their advice on his plans for 1976.

According to the Post's account of the letter, Mr. McGovern has repeated his earlier disclaimer of any firm wish to run again. On several occasions last autumn during his campaign for re-election to the Senate from South Dakota, when he was hard-pressed by a former Vietnam prisoner-of-war, the Senator appeared to rule out any new venture into the Presidential arena where he was so badly mauled.

However, Mr. McGovern explains to his supporters in the letter that he shares the concern of many other liberal Democrats that no candidate acceptable to them is likely to be nominated next year. Senators Henry Jackson and Lloyd Bentsen and Governor George Wallace, the three strongest hopefuls in a tightly crowded field, are all to the right of the party's centre.

Although most political observers have tended to assume that Mr. McGovern was a spent force in Presidential terms, the extraordinary confusion in the Democratic party surrounding next year's nomination may, after all, give him a chance at least as good as anyone else's. Last year's Democratic mini-convention in Kansas City gave him an unexpectedly warm welcome when he called for party unity without sacrificing liberal ideals.

SWISS LEAD BIDS FOR U.S. GOLD

By John Wicks

ZURICH, June 30.

THE MAJOR three Swiss banks appear to be prominent in bidding for the 500,000 oz of gold to be auctioned by the U.S. authorities to-day. Unconfirmed rumours claim that a single Swiss bank has made a bid for the entire lot. Swiss banking circles say that the big three, or even one of them, could absorb the 500,000 oz. with no difficulty but stress that the decisive factor will be that of price.

The market sees the auction as being of a trial nature, with the U.S. Government seeing what the banks are prepared to pay before releasing a considerably larger amount. The Zurich gold market was relatively unruffled at the end of last week's trading, closing on Friday at $164.50.

BRAZIL FOREIGN RESERVES FALL

By Hugh O'Shaughnessy

BRAZIL'S FOREIGN reserves have fallen by around $1 since the end of last ye according to the usually w informed Rio de Janeiro week Opinião. The reserves at t end of 1974 amount to $5.2 while by May they had fal to $0.18bn. according unofficial sources quoted by t weekly.

THE CHILEAN ECONOMY

A climate of insecurity

BY ALEZANDRO KOFFMAN O'REILLY, SANTIAGO CORRESPONDENT

AN INCREASING number of people, now including members of the upper middle class, are being sucked into the whirlpool of the economic crisis brought about by the anti-inflationary measures of the Chilean junta. The majority of Chileans, hit or threatened by unemployment, have to worry about stretching their inadequate pay merely to buy food.

With inflation running at 375 per cent. last year, and at 125.3 per cent. for the first five months of 1975, the junta felt that its plans for a "social market economy" were in jeopardy. General Augusto Pinochet appointed the Treasury Minister, Sr. Jorge Cauas, to lead a frontal attack on inflation, following the strategy of Professor Milton Friedman, the noted University of Chicago monetarist. The plan of the "Chicago Boys," as Sr. Cauas and his seconds have been nicknamed here, consisted of reducing public spending between 15 and 25 per cent. and decreeing tight money in the private sector. It was described as "shock treatment" against inflation.

It certainly was a shock for those still holding on to their jobs in April, when the unemployment rate reached 13.3 per cent. according to official figures, up from 9.2 per cent. in March. The average period off work had risen in those months from 7.6 months to 9.7 months. Sr. Cauas explained in launching his anti-inflationary programme that the rate should not go beyond 14 per cent. during the worst of the period, but to many it seems that that figure has already been exceeded.

Given the lack of foreign investment required to revitalise domestic industry, Sr. Cauas, in his first statement when the programme was launched last May, gave all his support to the savings bonds issued by building societies. These are automatically readjusted to compensate for inflation and guaranteed by the Central Bank. That came as a relief to the bondholders, but others complained about the unequal sacrifices demanded of Chileans. But the relief of the bondholders lasted for only a month. Faced with the possibility of heavy withdrawals, Sr. Cauas froze the deposits by decree, limiting the monthly withdrawals to the equivalent of about £40.

Chicago Boys criticised

This latest move of the Chicago Boys has been criticised both by workers and industrialists. For workers, to freeze savings bonds only was not regarded as fair since there are other financial instruments. Sr. Orlando Saenz, former President of the Sofofa, an association of private industrialists and now in charge of a beer and bottling concern, described the measure as an "historic mistake" which threatens the very economic model the junta is trying to set up.

Meanwhile factories are closing down or working half week shifts in increasing numbers, from steel making to textiles, from the leather to the construction industry—the latter despite the vast resources accumulated by the building societies.

Sr. Federico Mujica, President of the Confederation of Private Employees, remarked that when his white collar associates, who represent a large segment of the middle class, received their June cheques, including a 70 per cent. inflation compensation, they would be making in the average from $50 to $60 a month. The typical Chilean family of four, of whom only the husband works, would need $12 for 2lb of bread and a quart of milk a day.

"The crisis," Sr. Mujica added, "is just as bad as or worse than the depression of the 1930s or the crisis that hit Chile after World War Two." There was a climate of insecurity as the anti-inflationary programme affected more and more industries, and Sr. Mujica said, "within two months unemployment will be 20 per cent."

The Confederation of Private Employees will ask the junta to set up a relief programme for middle class workers. The junta already knows the critical situation Chileans are in and maintains various relief programmes. One of them, co-ordinated by the municipalities, provides unemployed workers with a minimum wage in return for cleaning streets and the like. Only when the U.S. Catholic Relief Services offered to give food to workers in this programme, did it appeal to workers who now wait to get taken on. The junta also provides emergency housing and nurseries. With the help of local private organisations, it has inaugurated the first of 120 planned supermarkets to sell food at a 20 per cent. discount in slum areas. Other relief programmes, such as student breakfast, have been reduced as CAR a U.S. relief group, cut its de veries of powdered milk near by half.

Despite these programm El Mercurio, a conservati Santiago daily, recently said th "there is a general impress that a perceptible increase malnutrition is taking pla mostly in slum areas, which not being reflected in offic figures."

Children fainting from hunger

Many cases of children fa ing at school because of hun are reported, and parents in creasing numbers send t children to school with let asking for them to be given sidised breakfasts or lunc But kitchens at primary sch can only provide enough for per cent. of the students, acc ing to Government figures.

In a long queue of unemplo waiting hopelessly at Sendo state employment agency, st Hugo R. Valencia, 28 ye married, two children. He sacked last February from a tile factory. "We have not ea meat for three months n Luckily our children are gett milk from my unemploym insurance, but it is about to out now," he said. Sr. Valen has applied to the South Afri embassy for a working v "I'll work anywhere, even their mines, as long as it job."

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اهكذا من الأحول

OVERSEAS NEWS

New Lebanon cabinet move to end fighting

BEIRUT, June 30.

FORMER Lebanese President Camille Chamoun to-day declared he was ready to join a cabinet headed by his old political foe Rashid Karami, removing a major obstacle to ending the government crisis and the fighting between left and rightwing gunmen.

After Mr. Karami and Mr. Chamoun met for the first time in 17 years, ex-president Chamoun said that he hoped a new Government would be formed to-day. Mr. Karami has been trying for a month to reconcile political rivalries and put together a Government to end the factional violence between the almost exclusively Christian right-wing Falangists and the mainly Moslem left-wingers.

At least 42 people were killed in fighting to-day. To-day's casualty toll—reported by police sources—followed an estimated total of 100 killed and hundreds more injured in fighting yesterday.

Rocket, mortar and machine-gun fire echoed through the city as Lebanese premier-designate Rashid Karami conferred with his old political foe, former president Camille Chamoun.

Mr. Chamboun said that he was ready to take part in a new Government "because this is in the interests of the country." He and Mr. Karami have been bitter political enemies since Mr. Karami led a revolt against Mr. Chamoun when he was head of State in 1958.

As the shooting and political wrangling continued in Beirut to-night, local residents reported at Sidon, in southern Lebanon, that three Israeli tracked vehicles and an infantry patrol infiltrated into Lebanon this evening. But there were no reports of any fighting.

Leftwing parties had called a general strike for to-day, but it had little point as most people stayed home for fear of gunfire and explosions shaking the city.

Explosions wrecked a number of shops in fashionable shopping areas of central Beirut and police warned people to stay off the streets, saying that nowhere was completely safe. Shops and banks were closed and no business was done in this commercial capital of the Middle East.

Lebanon to-day asked the Arab League secretary-general, Mr. Mahmoud Riad, to delay setting a date for a special meeting of the League's council of foreign ministers to discuss the crisis in the country, the Middle East News Agency reported from Cairo.

Israel envoy to see Ford

BY L. DANIEL

TEL AVIV, June 30.

NO DECISION on the U.S.-backed Egyptian proposals for a second interim agreement will be taken in Jerusalem until further clarifications have been obtained both from Cairo and Washington.

The Premier has asked the Israeli Ambassador to the U.S., Simha Dinitz, to try to obtain such clarifications, and the possibility of Dinitz meeting President Ford once again before coming to Jerusalem is by no means ruled out here.

There would be no anomaly in this since it was President Ford who decided to "get in on the act" personally when he summoned the Israeli Ambassador for a 10-minute meeting last week during which he informed him of the U.S. stand in what are described here as "terse but not threatening" terms.

It has also been made clear to Israel that if no agreement is reached within a fortnight, the U.S. will support the reconvening of the Geneva conference at which Israel will be faced with "ready made" plans.

● Israel's role in the reburial of two Jews, hanged in Egypt 30 years ago for the murder of Lord Moyne, British Minister in Cairo, in no way implies any change in its attitude towards assassination as a political instrument, a Foreign Ministry spokesman said in Jerusalem to-day.

The spokesman said this point was made in a message this morning to the British Foreign Secretary, Mr. James Callaghan, delivered by the Israeli Ambassador in London, Mr. Gideon Rafael.

In Cairo, Government officials said to-day that Egypt is flexible on terms for a possible new troop disengagement with Israel but still demands total Israeli withdrawal from the strategic Biddi and Mitla passes. Reuter.

French join Egypt oil search

CAIRO, June 30.

THE FRENCH ELF-Aquitaine group to day pledged to spend up to $37m. in the next eight years searching for oil off Egypt's Mediterranean coast.

The group, in which the French government is a major shareholder, bought oil exploration and production rights in an area of about 775 square miles close to the Egyptian Port of Alexandria.

Under the agreement, Egypt will keep most of any oil found, with ELF-Aquitaine's share varying between 15 and 25 per cent. France thus joined other major countries, including the U.S., West Germany, Britain and Japan, who are investing heavily in finding large quantities of oil in and around Egypt.

Reuter

'Delhi can detain without reason'

BY D. P. KUMAR

NEW DELHI, June 30.

A DETAINEE held under the Maintenance of Internal Security Act (MISA) need not now be given any grounds for detention. This is the result of Presidential ordinance which was issued here to-day amending the main Act.

Under the original Act, grounds had to be supplied to a detainee within a specified period after the detention.

This is no longer necessary under the ordinance but the authorities issuing the order of detention will have to make a declaration that the action is necessary under the emergency. A copy of the declaration will be given to the detainee.

OUR FOREIGN STAFF ADDS: All the arrests that Mrs. Gandhi has made since proclamation of the emergency last week have been under the MISA, first used against smugglers some months ago. Under the Act, people can be jailed without trial for six months.

Mrs Gandhi has already withdrawn fundamental rights of Indian citizens under the Constitution. This prevents them from seeking redress of any wrong through intervention of the courts.

Indian aid may be hit

BY. K. K. SHARMA, NEW DELHI CORRESPONDENT

INDIA HAS secured pledges of a record $1.710m. in aid for the current financial year from the Aid India consortium of Western countries—but the total may be affected by the current political developments in the country.

This was hinted by the British delegate to the consortium meeting in Paris last week. Britain pledged £93m. in aid in 1975-76, but a spokesman said this figure was decided before the current developments.

He said that "it is not possible yet to take note of the developmental consequences, if any, of these events on our efforts to provide help."

The British pledge is somewhat less than the £95m. given last year. But this includes the additional £20m. given as part of British help to the countries "most affected" by the current global economic crisis and the actual pledge at last year's meeting of the consortium was £75m.

The World Bank had recommended total fresh aid pledges of $1.050m. with an additional $650m. already in the pipeline, making it a total of $1,700m. for the current year.

The question of re-scheduling past debt repayments—of considerable importance to India in view of the heavy strain on foreign exchange reserves—was also explored by the consortium. But no agreement as such was reached on the total to be given, although all member-countries said they would examine the World Bank's recommendations.

The U.S. has said it would not be in a position to give any "debt relief," although total aid pledged by it for the current year is $235m. (which includes commodity aid and loans of all kinds). Final clearance from Congress is still awaited. Canada was reluctant to make any commitment: this is thought to be because of India's nuclear explosion last year.

Japan might well be the largest donor on this count, having pledged a total of Y12.1bn. in "debt relief." The Indian delegate, Mr. M. G. Kaul, signed an agreement for $170m. with the World Bank at the Paris meeting itself, the first time this has ever been done.

Amin leaves for Zaire

PRESIDENT Idi Amin of Uganda left for his official visit to Zaire yesterday, according to Uganda Radio. There was growing speculations that the trip might be linked with increasing African pressure for him to reprieve British lecturer Denis Hills, due to face a firing squad for treason on Friday, Reuter reports from Nairobi.

But in London the Foreign Office denied rumours that Mr. James Callaghan, the Foreign Secretary, might be flying to Kinshasa to meet the Ugandan President.

Officials said they had no information on whether President Mobutu of Zaire had offered to mediate with General Amin, whose official visit appeared to be unannounced until he actually arrived there.

There was still no information reaching London yesterday about two other British citizens General Amin claims to have arrested on charges of spying. All attempts to find out who they are were unsuccessful. There has been no reply from General Amin to the second message to him from Mr. Wilson, although the President has had conversations about it with the Acting British High Commissioner Mr. James Hennessy.

The Foreign Office was not informed about the departure for Uganda of the country's Acting High Commissioner in London, Mr. Frederick Isingoma. According to the Ugandan High Commission he went home for "personal reasons."

ETHIOPIA FIGHTING ERUPTS AGAIN

By A Special Correspondent

ADDIS ABABA, June 30.

FIGHTING with rebels has broken out again in the district of Lasta Lalibela in the province of Wollo according to Addis Ababa radio. Thirty-one rebels were killed and five wounded. The head of the rebels Mekuria Zegeye, was killed but government troops suffered no casualties.

Kaunda imposes land reform

BY TREVOR GRUNDY

LUSAKA, June 30.

ZAMBIA'S economy was given a push to the Left to-day as President Kaunda announced a number of dramatic moves aimed at self-reliance and coping with life without high copper prices.

Addressing the opening session of the United National Independence Party's national council Dr. Kaunda said that Zambia to-day is earning half what it earned this time last year from copper sales. He said that unless revolutionary land policies were launched "two nations" would exist side by side—the exploiters and the exploited.

The most important of the reforms concern land. President Kaunda announced that as from July 1 this year freehold title will be converted to leasehold. Unutilised farmland will be taken over by the State, the renting of private property will be made illegal at the end of 1978 and no more land in urban areas will then be able to be sold by private individuals.

The President said that imports would continue to be slashed because Zambia could theoretically grow all of her own food. Some import licences would be given priority, mainly goods for local manufacturing industries. He said the unemployed in urban areas will be rounded up and sent to their home areas and that they would be enrolled on a crash agricultural programme.

During his four hour speech, constantly interrupted by chanting and singing UNIP supporters, the President said that he had circulated to delegates a document listing Zambians and non-Zambians who had smuggled money out of the country. Any businessman found smuggling foreign exchange would have his company confiscated, the President said. "I am not asking the national council to decide. I have decided."

The President was extremely critical of certain MPs who used parliamentary privilege to attack members of the government. The Speaker would be given more power to deal with such critics.

In a long expected move Dr. Kaunda announced the immediate party takeover of the Lonrho-owned Times of Zambia and the Sunday Times of Zambia, the nation's two leading newspapers. He said that he wanted the two papers to reflect official party and government thinking. He recalled that last December the Times of Zambia gave details of talks between Zambia, Tanzania and Botswana on the Rhodesian situation. "To have treated any knowledge of what was going on as merely a scoop is, to say the least, most irresponsibly and treacherously unpatriotic."

BURMA

Trouble with the students

BY CHIT TUN, RANGOON CORRESPONDENT

TWICE in six months student unrest has disrupted academic peace at Rangoon university. The university and the various professional training institutes were reopened only in May, after having been closed since December following the student riots surrounding the funeral of the United Nations Secretary-General, U Thant. Hardly had they been opened a month, than some 200 students of the Institute of Economics went on strike on June 6, protesting against "mounting graduate unemployment" and the "spiralling cost of living."

Their strength swelled to about 1,000 when some students of other faculties joined them. They seized Convocation Hall, made it their strike headquarters, and burned the Burmese President U Ne Win's picture which adorned the council room.

They staged four demonstrations in town during the following four days, shouting demands to curb rampant inflation, cure academic unemployment, and revive student unionism which has been banned by the Government since 1962. "Down with bogus socialism"—"down with fascism"—"down with military rule," they shouted among other anti-Government slogans. They also distributed leaflets lauding the "people's revolution" and urging the people to overthrow the "Ne Win—San Yu Government." (General San Yu is secretary of the all-powerful State Council headed by Ne Win). In one demonstration, they burned the effigies of Ne Win and San Yu in front of the independence monument facing Rangoon's city hall.

Disidents

On the fifth day they left Convocation Hall and opened their headquarters at the Shwedagon pagoda, traditional base of strikers and political dissidents. But at dawn on the sixth day, June 11, troops closed in on the pagoda and hauled away 213 students. Almost simultaneously, the Rangoon division military commander banned demonstrations and processions within Rangoon municipal limits. Troops and tanks were posted at potential trouble spots in the capital. The universities of Rangoon and Mandalay, as well as the professional training institutes under them, had been closed on June 9 and the students were ordered back home, so that the Government's action touched off no violent student reaction. The strike was effectively put down.

The Government claimed that the whole trouble was engineered by "stooges" of Communist insurgents. To prove the accusation, it pointed to the support the Burma Communist Party gave the students in a broadcast from its clandestine radio station, and to similarities between the ideological jargon of BCP pamphlets and the posters and leaflets of the student-strikers.

The strikers however denied, through posters put up in the campus and the placards they carried during the demonstrations, that they had anything to do with the Communists. But four communist infiltrators and an agent of the insurgent exiles (men of the ousted premier U Nu) were found later among the strikers. What seems more important is that the strike could not have broken out in the first instance unless the students themselves had had a genuine and a deep sense of grievance.

Restive

Burmese leaders did realise this. That was why, on the very eve of the strike, leaders of the ruling Burma Socialist Programme Party (who are also members of the State council) started wooing students in Rangoon and the districts and workers of various State-owned factories (who form the other group increasingly restive under the burden of spiralling prices). They tried to ascertain what the grievances were, and admitted disarmingly that the crisis had been caused not only by "stagnant production" but also by "corrupt elements" in the distribution set-up.

The move was a brilliant tactical stroke. It took the steam out of the discontent among students and workers. It provided them with a sense of participation in national affairs. At the same time it enabled the government to claim that whatever measures it might take would be based on the wishes of students and workers and would therefore deserve their earnest co-operation. The Government has put 14 basic foodstuffs under price control as a first step towards fighting the inflation. It fired 15 senior officials (six of them top men) of the road, railway and air transport services for incompetence and corruption. Other measures will doubtless follow. But whether they will put the long-ailing economy back on an even keel, open up better job opportunities for graduates, improve the image of the Government, and promote student-worker-Government rapport to a point where the use or at least a show of force is no longer necessary to maintain academic or industrial peace, it is too early yet to say.

EUROPEAN NEWS

Beleaguered Fanfani seeks congress on party's future

BY ANTHONY ROBINSON

ROME, June 30.

CHRISTIAN DEMOCRAT party secretary Sig Amintore Fanfani, now fighting for his political life as his party desperately seeks new policies and leadership after strong Left-wing gains at local and regional elections, to-day proposed a party congress in the autumn to allow full-scale debate on the party's future strategy.

But Left-wing faction leaders at to-day's hurriedly-convened leadership meeting demanded a full day's pause to give the party time to think over Sig Fanfani's proposal and to map out their own strategy. Significantly, the Left-wing faction's call for more time was seconded by Sig Giulio Andreotti, a long-time rival of Sig Fanfani and a man whose political skill and good relations with both the Vatican and the American political establishment is complemented by the fact that he is one of a very small number of Christian Democrat politicians who command the respect, although not the affection, of the Communist party.

The extent of the Left-wing faction's opposition to Sig. Fanfani was underlined by the resignation from the party's central committee of the six representatives of the two main Left-wing factions—the Base faction and "Forze Nuove" (New Forces'. Taken together, however, the two Left-wing factions control less than 20 per cent. of the voting strength within the party, less than half that of the "Doroteo" group, whose support is vital for any effective change in the party's internal balance in power. The numerical strength of the Doroteo party, however, masks a considerable degree of sub-divisions and personal rivalries between the older leaders, such as Foreign Minister Mariano Rumor and Sig. Flaminio Piccoli, and the younger members of the group such as the highly ambitious Sig. Antonio Bisaglia, currently Minister of State Shareholdings.

Many of these younger Christian Democrat politicans share the demand, expressed most forcefully by the Left-wing factions, for a fundamental realignment of the party not only in terms of policy and strategy but also in terms of finally dethroning that generation of CD leaders who have held power uninterruptedly for well over ten years and in some cases since the war.

Sig. Fanfani acknowledged the pressure for a fundamental change in policies, methods and men in his lengthy speech at the emotionally-charged meeting this morning. He recognised that the negative reaction of the Socialist Party to his initial proposal for a reconstitution of four-party, Centre-Left formula government at local and national level effectively eliminated this hypothesis. He also took note of the opposition of all the Centre-Left parties, including major sections of the Christian Democrats, to any move which threatened the survival of the present two-party coalition government of Christian Democrats and Republicans led by Sig. Aldo Mor.

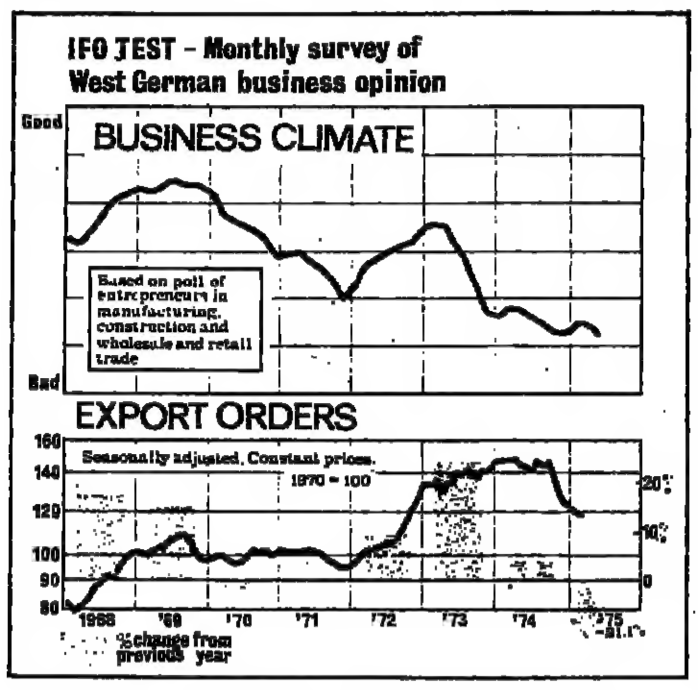
Under these circumstances, he suggested that the government should work out a minimum programme which could ensure the parliamentary support of both the Social Democrats and Socialist parties in Parliamcet and allow the government to continue functioning until both the Christian Democrats and the Socialists had clarified their ideas at their respective congresses this autumn.

He proposed four main points for agreement: the fight against political violence and criminality, creation of the conditions for obtaining necessary economic assistance from both the EEC and the Atlantic community, control of inflation (while agreeing to the demands of state employees for pay and pension increases to compensate for inflation since 1973) and action to combat the recession with adequate measures in the fields of agriculture, commerce, private industry (especially small, medium and artisan enterprises) and the reorganisation of the state-controlled sector.

He called on the Socialist Party to "reflect on the likely repercussions on government stability of agreements at a local and regional level with the Communist Party" and underlined that the fundamental position of the CD party with regard to the Communist PCI party had not changed. This should continue to be a position of "democratic confrontation between government and opposition—without alliances, convergences or under-the-table agreements," he said.

To those who believed that the PCI is "different" and sincerely democratic, Sig. Fanfani declared "only the persistent and tenacious opposition of the CD party and other democratic forces to Communism will oblige the PCI to undertake that democratic evolution, inter-class approach, belief in political pluralism and disavowal of a totalitarian state to which it declares itself to aspire."

The debate on Sig. Fanfani's speech is due to resume to-morrow. In the meantime, all the factions and personalities of the party are engaged in a frenetic round of meetings and contacts to clarify their respective positions and forge new alliances.



THE WEAKNESS of export markets has served to worsen the West German domestic business outlook as well. The charts, from the ifo institute at Munich, show how export orders have been declining steadily and how business confidence, after a brief spurt earlier this year, is once again fading. During January-April West German merchandise exports were 13 per cent. below their level in the first four months of 1974. Lowered interest rates and the Government's investment incentives have failed to have the desired effect because industry was pessimistic about sales prospects. The ifo said that the situation was unlikely to worsen but that recovery would be too slow to bring about a marked reduction of unemployment. The average unemployment ratio for 1975 as a whole was likely to be almost 5 per cent.

Portuguese hunt 'secret police' escapers

LISBON, June 30.

PORTUGAL'S ARMED Forces to-day launched a nationwide manhunt and redoubled border checks following a mass breakout of former secret police agents from the country's newest security jail.

The military information services said that 88 members of the disbanded PIDE-DGS had cut through the iron bars of their cells and lowered themselves, using their bedsheets over the walls of Alcdentre Jail 40 miles east of here yesterday. But 19 men were recaptured, according to latest reports.

Extreme left-wing groups said they had mobilised their forces throughout the country and armed groups of civilian vigilantes were reported to have set up barricades near Alcoentre to intercept the prisoners.

Units of Portugal's Copcon internal security forces were placed on the alert and thousands of cars were checked at road-blocks while troops and "Popular Forces" combed the countryside near the jail.

The Lisbon daily newspaper O Seculo to-day said that the prison guards only noticed the prisoners' escape when alerted by civilians outside the jail who had been made suspicious by a number of strangers wandering around Alcoentre.

The other Lisbon daily, the Diario de Noticias, said the rison's internal television circuit had been out of order for a week and the current had never been switched on in the electrified outer wall. The duty officer at Alcoentre refused to comment, saying he had nothing to add to the press reports.

The military have already promised to tighten the security precautions surrounding the remaining 1,200 former secret policemen scattered in various jails and to thoroughly investigate how the 38 got away.

With popular feelings running high against the former agents, who had a reputation for brutality, the military appealed for calm and stressed that "revolutionary vigilance" should always be directed by the Armed Forces.

Press reports said that the ex-agents had gone into hiding in the hills and forests around Alcoentre and that five of those recaptured had been found with forged identity documents and money—suggesting outside help.

Portuguese prison officials had previously boasted that Alcoentre was one of the best jails in Europe — even equipped with language laboratories. It seems to have been filled before all preparations were completed—due to pressure put on the country's jails by the arrest of over 450 Maoists at the end of May.

This is only the fourth time since the military coup of April, 1974, ended nearly 50 years of Right-wing rule that Left-wing groups throughout the country have been placed on the alert and it follows closely on the military's recent ruling against civilian militia.

● Cape Verde islanders voted to-day for a national assembly which next Saturday will declare the archipelago independent from Portugal.

Colonised in 1456, the arid, poverty-stricken islands in the Atlantic off the western bulge of Africa will be the third Portuguese African territory to achieve independence since last year's coup in Portugal.

To-day's election for the 56 deputies of the island's first Assembly is more an act of popular sovereignty than a political choice. All the candidates are backed by the African Party for the Independence of Guinea-Bissau and the Cape Verde Islands. (PAIGC).

One of PAIGC's fundamental aims is to forge a political union between the Cape Verde Islands and the Republic of Guinea-Bissau on the west African mainland.

PAIGC, which fought Portuguese troops for more than a decade on the mainland, has been governing Guinea-Bissau since it became independent from Portugal last September.

Reuter

ALBANIA

A land with no jeans

BY A CORRESPONDENT RECENTLY IN TIRANA

RINAS AIRPORT outside Tirana has precisely five scheduled international flights a week, and the Chinese airliners standing on the tarmac are a reminder of Albania's priorities.

But this country of only 2.5m., so little known in Europe because of its deliberate isolationism, has begun to yield a little. Visitors are now admitted, albeit in a trickle, and strictly on Albanian terms. That means no long hair, no bright clothing, no jeans. It also means no Russians and no Americans, though Western visitors are all required to pay in dollars and nothing else.

It used to mean no Italians, either, except Maoists, but this year a first group of non-Maoists was admitted. British visitors have been admitted for several years now even though diplomatic relations are still in abeyance and disputes continue about whether the gold fortune of the prewar monarch King Zog is held by the Bank of England. About 300 British tourist visas are issued a year, plus a handful for businessmen. Many Western visitors, incidentally, are Communists curious to see how Albania's system works. Scarcely anyone comes merely for the scenery and sunshine.

With Albturist building modern, if somewhat impersonal, hotels at the main resorts, tourism is clearly expected to increase, but it is not expected to make much difference to Albanian policies. The country being so dependent on outside sources for much capital equipment, tourism is a useful means of earning hard currency, and little more.

The main aim of economic policy is rapid industrialisation, and self-sufficiency in agriculture. This has meant concentrating on capital projects like hydro-electric power, fertiliser plants, and chemical and extractive industries. Chinese aid is evident in many of the factories, such as the Mao Tse-tung textile mill in Berat. Chinese-built jeeps, trucks and bicycles also abound.

Albania is fortunate to be self-sufficient in oil, its main source of energy. But foreign estimates of known reserves (enough for ten years at present rates) are somewhat different from the "up to 100 years" given to visitors.

A movement towards greater trade with the West is detectable, though China with 55 per cent. remains the leading partner, followed by countries in East Europe.

But with two-thirds of the country mountainous, hydro power plays a big role, again with Chinese help. Another big asset is chromium ore of which Albania is the fourth largest producer in the world with an output expected to reach 900,000 tons this year.

Agriculture has progressed, but the amount of mechanisation varies from area to area. Virtually all land is in public ownership either through co-operatives or large State farms. One such farm visited comprised some 25,000 acres with more than 4,000 people working on it. The tomato season was at its height, and modern Yugoslav trucks hauled the crop away to Austrian and West German markets.

A movement towards greater trade with the West is detectable, though China with 55 per cent. remains the leading partner, followed by countries in East Europe, except the Soviet Union. Trade agreements have been signed with several Western countries, and Albania will be exhibiting at fairs in Paris, Milan, Izmir, Vienna and Salonika this year.

Albania is still the poorest country in Europe. But the lot of the average worker is improving, and a tour of the country reveals none of the poverty of a country like India. Monthly salaries range from about Lek 500 for the lowest-paid worker to a maximum of some Lek1,100 for senior factory managers. Skilled workers and long-service teachers make between Lek700 and Lek800. Conversations in textile factories and on State farms give the impression that the majority of workers earn about Lek650. At an official exchange rate of slightly over Lek 10 to the £1 (against a tourist rate of Lek25.50)—controlled by the National Bank of Albania—little is left for luxuries.

Yet the Albanian worker has something to be pleased about. He pays no income tax, gets free medical and dental care, and pays only 1-2 per cent. of his wages on rent. One of the more impressive steps taken recently was the introduction of a state pension paying Lek350-900, based on 70 per cent. of pre-retirement pay.

The state requires all able bodied males and young single women to spend one month each year working manually—in a factory or in the fields. Married women work for a fortnight. Often little notice is given, and the work may vary considerably. One tourist guide was recently detailed to help dig irrigation ditches. Young people up to the age of 26 are also expected to build projects of national importance. Under supervision they have been responsible for much of the impressive railway line from Elbasan to the mining areas around Prenjas, and are now busy extending the line down to Pogradec on Lake Ohrid. They appear cheerful and enthusiastic, but their devotion seems somewhat incongruous when set against the many seen idling in the sun in the main streets of towns up and down the country.

In the towns especially people are reasonably dressed, though suits cost around Lek600-700—a month's salary—and an ordinary pair of shoes about Lek180. Locally-assembled Italian televisions sell at 2,000. Food on the other hand, though limited in range is cheap with a kilo of bread about Lek4 and vegetables and fruit comparatively priced. The local brandy, named after the historic leader Skanderbeg costs Lek15, wine, not spectacular, Lek6 and excellent draught beer Lek1.40 for a large tankard.

Because of the system, the average Albanian is unlikely to move house from the village or town of his birth. Lack of transport is another check on movement. The surprisingly extensive railway network is used mainly to move raw materials. There are only about 300 private cars in the country, many of them of historic vintage, and local bus services are not extensive. Each worker is entitled to two weeks' holiday a year and eight public holidays. He will normally take his family to subsidised coastal resorts like Durres, the port and holiday complex on the Adriatic, or up to the mountains.

The man who presides over the system, Enver Hoxha, has been at the helm ever since the new State was set up, and he has reputedly not left the country for 14 years. But he appears to travel a lot internally, and has built up a personality cult which even extends to his name being blazoned in stone along the hillsides.

What happens after he has gone? Questions along these lines are met with the bland answer in Tirana that the democratic will of the party will prevail and that an appropriate successor will emerge. But will the isolationism persist? There were rumours last summer of the toughest purge for some time which included the ousting of the Defence Minister, allegedly for supporting greater detente with the West.

But as the economy improves there must be more influence from and contact with neighbouring countries adding urgency to the unresolved questions.

New EEC industry policy urged

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

BRUSSELS, June 30.

NEW PLANS to relaunch a common EEC industrial policy are currently under study by the Brussels Commission, at the instigation of Signor Altiero Spinelli, the Italian Socialist Commissioner for Industry. His proposals would involve a much greater degree of centralised control over new investment and more use of Community finance to re-shape EEC industry in the light of long-term plans drawn up in Brussels.

Sig. Spinelli's proposals, which are not yet official Commission policy, accept that national governments are likely to intervene in industry more frequently in coming years than they have in the past. But he argues that decisions must be centrally taken at EEC level so as to avert "incompatible" action by the different governments that would be against the interests of the Community as a whole.

The Spinelli paper stresses that the Commission should play a co-ordinating role and, at least for the time being, not try to take over industrial policies from national governments. Equally, Sig. Spinelli says his plans are based on the assumption that policy will continue to be based on the principle of a market economy.

His proposals are based on three main themes. First, the Community should draw up general economic objectives, aided by the new medium-term economic research institute that the commission is shortly to propose, which would be binding on the Commission, though not necessarily on national governments. In particular, this would guide the Commission in its decision as to whether state aids were compatible with EEC rules.

Secondly, Sig. Spinelli recommends that in major industrial sectors that are vulnerable to over-capacity new investment plans should be notified in advance to Brussels, in the same way that investments in the coal and steel industries have to be notified under the rules of the European Coa adSSe-, ElnT—European Coal and Steel Community. The sectors he has in mind include shipbuilding, artificial fibres and glass.

Thirdly, he suggests that the Commission should be authorised to borrow on the international capital markets to raise funds for aids to EEC industry in addition to the operations of the European Investment Bank and the Regional Development Fund. At the same time, the Nine should approve proposals shortly due from the Commission for the creation of a European export-import bank to finance Community exports on American lines.

Security summit date not fixed

By Our Own Correspondent

GENEVA, June 30.

WESTERN countries to-day rejected as unacceptable Soviet proposals to agree now on July 28 for a summit meeting in Helsinki to conclude the European security conference.

Ireland, speaking for the Common Market, declared that remaining matters of substance must be settled before fixing a summit date. Western negotiators stated that agreement on a date now would make further concessions from Russia extremely improbable. "We would not even get a comma," one ambassador stated.

The conference's coordination committee, which is responsible for the timetable, agreed to meet again on Tuesday and again on Thursday.

The major remaining issue of substance concerns the prior notification of military manoeuvres. Although the West has accepted Russia's insistence that such notification be given on a voluntary basis, it wants the wording to be as firm as possible.

A weak compromise has been reached on broadcasting of information by radio and television, which had been intended by the West to be agreement on a formal end to all jamming. Instead, the conference weakly expressed a general "hope" that radio and television broadcasting of information would continue to "evolve."

Spain stands firm in U.S. base talks

MADRID, June 30.

SPAIN is insisting on a partial U.S. military withdrawal if it cannot get a defence treaty with the U.S., informed sources said to-day.

As the seventh round of talks to renew a bases agreement started this morning, the sources said that the negotiations remained deadlocked despite President Ford's visit to Madrid a month ago. President Ford talked to General Franco and other Spanish officials, apparently to improve the climate for the negotiations.

The sources said that Spain, fearing that the U.S. bases would be a magnet for Soviet attack, wanted a full defence treaty with the U.S.

Reuter

British ministers wary of union

BY MALCOLM RUTHERFORD

SENIOR BRITISH ministers yesterday took a predictably reserved position towards the concept of European union in talks with the Belgian Prime Minister, Mr. Leo Tindemans.

Mr. Tinedmans was charged at the Common Market summit meeting in Paris last December to produce a comprehensive report on the subject by the end of this year. He has been visiting member countries, and last week he received submissions from the Europe Commission.

The British approach is described in diplomatic circles as "pragmatic." It is basically against any changing or strengthening of Community institutions for their own sake and is deeply suspicious of any moves towards economic and monetary union.

Mr. James Callaghan, the British Foreign Secretary, has also frequently poked fun at the idea of political union, saying that no one has defined what it means. On the other hand, Mr. Callaghan is in favour of the greater co-ordination of foreign policy, which is one of the fields where the Community has recently had some success.

These views were repeated to Mr. Tindemans yesterday in meetings with Mr. Callaghan, Prime Minister Harold Wilson, and Chancellor of the Exchequer, Denis Healey.

The British Government also remains somewhat reserved, in spite of the referendum result, on the subject of direct elections to the European Parliament, which will form part of the Tindemans report. The Paris summit communique called for proposals on which the Council of Ministers could act in 1976, allowing direct elections to take place "at any time in or after 1978."

Britain was then unable to take a position on this issue because it was involved in renegotiation and its reserve has still not been lifted. Mr. Wilson is expected to allow British Labour MPs several months' experience of the Strasbourg Parliament before moving forward.

Mr. Tindemans is also having talks with a wide range of British opinion, including trade unionists and employers, as well as members of the Scottish Nationalist Party in Edinburgh and Plaid Cymru in Cardiff.

He was asked to make his report to enable the Community "to agree as soon as possible on an overall concept of European union."

Norway to establish coastguards

STOCKHOLM, June 30.

NORWAY will establish a coastguard service to protect oil operations on its continental shelf and to supervise fishing within an eventual 200-mile economic zone, if parliament approves the recommendations of a special defence commission.

The coastguard will be equipped with helicopter-carrying ships of a new type, maritime reconnaissance aircraft and a special vessel for deep-diving at an estimated total initial cost of Kr.1.15bn. (£100m.).

The non-socialist opposition has already raised objections to the establishment of a separate service instead of allowing the naval and air forces to take over the extra duties involved, but the commission has plumped for the view that a coastguard service would be a less sensitive instrument to deal with incidents that could involve foreign powers, in particular the Soviet Union. Norway has previously this year rejected a Dutch suggestion that peacetime, as well as wartime, protection of North Sea oil operations should be a NATO concern.

Turks expelling all Greeks from northern Cyprus

BY OUR OWN CORRESPONDENT

NICOSIA, June 30.

THE TURKS officially announced to-day they plan to expel all the remaining 10,000 Greek Cypriots in northern Cyprus and at the same time launched a massive scheme to colonise the area, bringing thousands of farmers and peasants from mainland Turkey and settling them in Greek-owned farms and houses there.

The Turkish action means in effect that the north of the island, representing 40 per cent. of Cyprus territory, will now be turned into a purely Turkish region. It also means that Turkey, ignoring last year's unanimous UN General Assembly resolution calling for the return of the 200,000 Greek Cypriot refugees to their homes in the north, is now creating more Greek Cypriot refugees, who are being evicted from their houses and sent south.

The Cyprus Government of President Makarios to-day asked its ambassadors abroad to lodge strong protests "against the forceful displacement of Greek Cypriots." An official spokesman said the expulsions, which began last Friday, were aimed at "forcing the Government to allow the transfer of Turkish Cypriots living in the south to the Turkish-held north."

Turkish Cypriot leader Rauf Denktash confirmed this when he stated, after meeting the senior UN diplomat in Cyprus, Mr. Luis Weckmann-Munoz, that "we will continue to send away all the Greeks from the north until we get a positive answer from the Greek Cypriot side that they will allow the Turks living in the south to cross to our side."

At the same time Turkish Cypriot "Bayrak" radio said in a commentary, that if the 10,000 Turks in the South were not allowed to go to the North, Turkey might mount "another military operation to liberate them as she did last July."

The Government spokesman, giving details of the "organised and systematic colonisation of areas in the North by Turks," said about 1,500 Turks are sent to the island every week.

The spokesman said there were plans to transport 40,000 Turks from the mainland by the end of the year.

IEA fails to meet deadline on imported oil prices

BY ROBERT MAUTHNER

PARIS, June 30.

THE MUCH-PUBLICISED minimum price system for imported oil—Dr. Henry Kissinger's brainchild—will not come into effect to-morrow, the original deadline set by the Governing Board of the 18-nation International Energy Agency.

This much became clear to-day at the beginning of a two-day meeting of the Board, most of which will be devoted to discussing the minimum price system, which was approved in principle last March as a means of protecting costly investments in alternative sources of energy.

Both Mr. Thomas Enders, the U.S. Assistant Secretary of State for economic affairs, and M. Etienne Davignon, the Belgian chairman of the Board, admitted early on in the meeting that the July 1 deadline for reaching a decision on "the minimum safeguard price," as the official jargon has it, would most probably be postponed. The fixing of this price depended on several elements, including an eventual dialogue between oil producers and consumers, M. Davignon said.

What Mr. Davignon failed to point out was that the U.S. had originally made the conference between producers and consumers itself conditional on an agreement by the IEA on a minimum import price system. Now that the preliminary conference, held in Paris in April, has failed, the conditions appear suddenly to have been reversed.

Indeed, all the indications are that neither the U.S. nor any of its IEA partners are in a particular hurry to agree on a minimum price, particularly since oil prices are more likely to rise in the near future than to fall if, the warning signals issued by the OPEC countries at their recent meeting in Libreville, Gabon, are anything to go by.

Nor does the fundamental clash of interests between the U.S. and the European countries look any nearer to a solution. The Americans, who produce most of the oil they need themselves, are in favour of a relatively high minimum import price to protect their development of alternative energy sources, while the Europeans and Japan who are much more dependent on imported oil, want to fix a lower floor price.

Robert Graham writes from Tehran: Iran and Saudi Arabia will begin discussions here to-morrow on new ways to co-ordinate the position of the oil producers against the prospect of reconvening the Paris energy conference. The Saudi delegation is headed by the Oil Minister, Sheikh Ahmed Zaki Yamani, and it is understood that a senior Indonesian official is staying on after the close to-day of President Suharto's official visit to take part in the talks.

Both Iran and Saudi Arabia feel that the producers have fallen behind the consuming nations in holding bilateral contacts in the wake of the recent inconclusive conference in Paris. In particular the apparent continued determination of the U.S. to mount a tough front against OPEC and minimise any oil price rise in September is viewed with concern here. The Iranian authorities in the past two weeks have made several public announcements underlining the damage done by inflation and falling consumption in the West on Iran's oil revenues and production. One figure, though considered high by some Western sources, is that Iran stands to suffer a drop of $4bn. if oil production and prices continue at existing levels throughout the year.

The Saudi oil minister will be here as part of a major Saudi delegation headed by Crown Prince Fahd. This is the first time that such a top level Saudi delegation has visited Iran since King Feisal's assassination in March.

The principal topic to be discussed by Prince Fahd will be steps to create a "Gulf Security Pact." Since the Iran-Iraqi detente earlier this year this has become one of the key issues in the region. Prince Fahd discussed the idea at length two weeks ago in Baghdad — a visit which was itself evidence of the new mood of the Gulf since no senior Saudi had visited Baghdad since the Baath regime came to power.

The main idea of the "Gulf Security Pact" is to create a commitment to mutual security in the area, albeit loosely in the initial stages. This, in turn, would enable the various states of the region to call for the withdrawal of all outside powers. Prince Fahd's talks here are expected to pave the way for a summit of the region's leaders in the autumn.

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£42.3m. is revised cost of Humber Bridge

BY OUR OWN CORRESPONDENT

INFLATION HAD increased the cost of the Humber Bridge by 50 per cent. to £42.3m. since the original estimate of £28m. was made less than two and a half years ago, the annual general meeting of the Humber Bridge Board was told yesterday.

Mr. Bernard Wex, designer of the bridge and consultant engineer to the Board, said the latest estimates of the cost of £42.3m. was made at the end of May and excluded the £750,000 required for the approach roads land. Of the £14.3m. increase since the original estimate, £3m. was due to work on the bridge road, toll buildings and toll collection points which accounted for 10 per cent. of the increase. Just over £11m. was due directly to inflation.

Construction delays on the South Bank tower sub-structure were now being overcome. Mr. Wex said they were down to 100 feet below water level and were going down another 25 feet. "Contrary to rumour, there is no question of there being no bottom, the Humber does have a bottom and we have reached it."

The South Bank sub-structure caisson was being extended above the water, the design was being altered and more than 4,000 tons of extra weight had been added. They were now looking into time-saving techniques to make up for some delays but it would be premature to issue a new completion date other than the autumn of 1978.

Ford takes further profit cut to try to boost market share

BY PETER FOSTER

FORD Motor Company seems prepared to accept a further decline in profits in order to keep its prices competitive in the present dull U.K. car market.

Mr. Terry Beckett, Ford's managing director, yesterday announced that the company was absorbing a larger proportion of its cost increases in an attempt to keep its car prices down.

He pointed out that the company was still only projecting a total U.K. car market in 1975 of 1.15m. cars—against 1.27m. last year and 1.66 in 1973—and that its penetration in the first five months, at less than 20 per cent., was well below that of last year.

Nevertheless, he announced the lowest quarterly increase for any British motor manufacturer, of 2.3 per cent., since the Price Commission was established more than two years ago. This compares with the recent British Leyland average car price increase of just under 5 per cent. and the announcements over the week-end, by Chrysler and Vauxhall, of increases in the region of 5½ per cent.

He revealed that in 1974, when Ford made a pre-tax profit of £8.7m., the cost of production had risen faster than its car prices by £18 per car. In the current year this figure had rise to £23 per car. Given the lower overall car market and the lower Ford penetration in the first five months of the current year, combined with rising overheads, this almost certainly means lower profits, and quite probably losses in the current year for Ford.

Although Mr. Beckett spoke scathingly of the "outbreak of giveaway fever" among other *British and foreign car manufacturers* this year, the fact that Ford is increasing its prices less than the increase in its costs will be seen as a fresh competitive challenge to other U.K. manufacturers.

The Ford average increase of 2.3 per cent. is less than half that of the other manufacturers and the clear implication is that the company is prepared to sacrifice profits in order to keep volume moving.

Meanwhile, Ford hopes to gain a larger share of both the domestic and European markets with its newly announced "Popular" version of the Escort.

This latest addition to the range is a fully equippd 5-seater with its 1100cc engine equipped with a special economy carburettor giving a touring fuel consumption of 44 mpg. The new Popular, including car tax and VAT, will cost £1,299.

The other major change confirmed by Ford is that delivery charges—which had previously been included in list prices of all models—would in future be excluded. There would now be a fixed charge of £33 on all Ford models.

However, this amount is already included in the 2.3 per cent. average and does not represent an additional price increase.

Examples of the new prices, *including car tax and VAT, are* as follows: Escort Popular 1100, £1,299; Escort Popular Plus 2-door £1,399; Escort 1300 GL Saloon, £1,721.25 (£1,721.25); Cortina 1600 L Saloon, £1,803.15 (£1,765.83); Capri II 1600L, £1,899.41 (£1,932.35); Consul 2000 Saloon, £2,201.19 (£2,142.35); Granada 3000 GXL Saloon, £3,569.63 (£3,527.91). For comparative purposes the delivery charge of £33 should be added to all new prices.

● Poor communications, antiquated machinery and the influx of foreign-made cars were yesterday blamed for the troubles in the British motor industry.

Shop stewards at Vauxhall motors warned a House of Commons Select Committee into the motor industry chaired by Sir John Eden that unless the Government introduced import controls the problems would worsen.

They were giving evidence to the committee at a meeting held at Vauxhall's Dunstable, Bedfordshire, truck plant.

Concorde 4 given certificate for endurance flights

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE CIVIL Aviation Authority yesterday granted a provisional Certificate of Airworthiness to Concorde No. 4 (one of the production aircraft) to enable it to start endurance flying with British Airways next Monday.

This means that this particular aircraft can carry non fare-paying passengers in a series of flights simulating normal commercial airline operations.

The experience gained from this endurance flying programme will open the way to full certification of the aircraft later this year, to enable full fare-paying passengers to be carried on scheduled flights early in 1976.

Commenting on the special certification yesterday, Mr. John Boyd-Carpenter, chairman of the Civil Aviation Authority, said that "the prospect of introducing Concorde into commercial service is an exciting one in what is otherwise a gloomy period for civil aviation.

"To work out entirely new airworthiness standards suitable for supersonic transport aircraft has required a considerable amount of work and ingenuity.

"No other aircraft in the history of British aviation, or I daresay anywhere in the world, has demanded so great a concentration of skill from those concerned with establishing safety standards."

The forthcoming endurance flights by British Airways will be supported by the British Aircraft Corporation, U.K. manufacturer of Concorde. Air France has already begun a similar programme, supported by the French manufacturer, Aerospatiale.

The BA flights will be to Bahrain, Singapore and other points in South-East Asia and to Australasia and Hong Kong. It is also hoped that some will be made across the North Atlantic to the U.S.

Two life assurance companies raise terminal bonus rates

BY ERIC SHORT

TWO LIFE COMPANIES—the Scottish Widows' Fund and Life Assurance Society and the Clerical, Medical and General Life Assurance Society—are improving their terminal bonus rates as from to-day.

Terminal bonuses are payable by life companies as a final bonus on a policy that matures or becomes a death claim and are intended to reflect the capital appreciation in the life company assets over the term of the policy. Consequently life companies made widespread cuts in their terminal bonus rates at the beginning of this year following last year's collapse in market values.

The CMG has restored completely the cuts made in January. The annual rate is left unchanged at £7.50 per £1,000 sum assured, but is now paid for each complete policy year, instead of excluding the first 10 years. This means that the maturity value of policies will be increased by £75 for each £1,000 of basic sum assured.

The Scottish Widows' operates a complicated system of terminal bonuses, depending on the year of entry, but the latest improvement restores by about half the cuts made earlier. For instance, policies taken out in 1945 will have a terminal bonus rate of 24 per cent. of the sum assured and existing reversionary bonus, compared with 21 per cent. previously

In addition, the Scottish Widows' is making an ex-gratia payment to all policies which matured or were death claims in the first half of the year when the reduced scale operated. This payment represents approximately half the new improvement. A policy taken out in 1945 will receive a payment of 1½ per cent.

This latest move reflects the improvement in the value of life company investments since the nadir at the beginning of January. But so far life companies have been slow to react to this improvement. Only Norwich Union and Irish Life had, before this latest announcement, made partial restorations to previous terminal bonus cuts.

Teenage drinking on the rise, warns alcoholism council

ALCOHOLIC ABUSE among under-18s is continuing to rise, claims a report published to-day by the National Council on Alcoholism. "We can expect during the 1980s a rapid increase of alcoholics in the early twenties," it warns.

Already nearly a quarter of Britain's alcoholics are under 29, and the report accuses employers and trade unions of doing nothing to help potential alcoholics.

The council says it is "staggering and disturbing" that only 24 per cent. of its cases were referred by employers although 73 per cent. of the cases were in full employment at the time.

"One can only hope that employers and trade unions will soon examine and recognise the important role they have in the early detection of alcohol problems," says the report.

"*Problem* drinking can soon be recognised by workmates on the factory floor or colleagues in the office." It adds that the problem will soon show up through poor and erratic work performance, proneness to accident and frustration, anxiety and isolation.

The council adds that alcoholism should be recognised in the same way as any other health problem, and not condemned as a sin or a crime. It accuses employers and trade unions of "discernible embarrassment" over workers with a drink problem.

The report also slams the drink industry for spending a great deal of money encouraging people to drink, and urges the industry to spend some of the money in educating people about the right way to drink. It welcomes a new advertising code for alcohol approved by the drink industry.

Leonard Burt

A top-hatted Sir Murray Fox, the Lord Mayor of London, points out the sights on one of the City's Heritage Walks to Lord Duncan Sandys. Started as part of European Architectural Heritage Year, the Walks are designed to show tourists buildings in the City of London of historic and architectural interest.

Bogside police plan boycotted

By Our Own Correspondent

PLANS FOR a community police force in the RC Bogside area of Londonderry received a setback to-day, when fewer than half of the area's adult community voted in a referendum on the issue.

The *referendum* was *carried* out by the Bogside Community Association, which is elected annually by the 8,000 people who live in the closely confined estate which was the scene of bitter rioting between local people and the RUC in the early years of N. Ireland's present troubles.

Since then the Bogside has remained virtually a no-go area to the RUC, and the Association's referendum ballot paper asked three questions: Whether the local people wanted the RUC to police the Bogside; if not were they in favour of a community police service; and if so did they think the service should be administered by the community *association*.

The referendum idea was strongly criticised by the mainly Catholic Social Democratic and Labour Party and the Loyalist political parties.

According to the neutral observers only 387 people voted in favour of a return of the RUC while 2,136 voted in favour of a community police service.

But around 60 per cent of the 8,000 adults in the Bogside did not bother to register their vote and an association spokesman said to-day that its 60-member council will discuss the results before deciding whether or not to go ahead with their policing plan. The Plan envisages a 24-man unarmed plain clothed force operating three 8-hour shifts in the area.

Estimates have put the cost of such an operation at around £40,000 a year, and it was suggested that the people of the Bogside should contribute a small weekly sum towards its running costs.

Fairey bridges for U.S. Army

By Michael Donne, Defence Correspondent

THE U.S. ARMY is to buy £3m. worth of medium-girder bridges from Fairey Engineering of the U.K. This deal covering 14 100-foot long bridges is expected to lead to further bridge orders from the U.S. armed forces.

The medium-girder bridge was developed by the British Army's Military Vehicles Engineering Establishment at Christchurch, and is made and marketed by Fairey Engineering of Stockport, Cheshire. The bridge is standard equipment with the British Army and other Nato countries.

Lankro moves into U.S.

BY RAY DAFTER

LANKRO CHEMICALS is increasing its international business through a new company and manufacturing base in the U.S.

It plans to form a joint company with the Fallek Chemical Corporation of New York to manufacture and market the range of phenoxy hormone weedkillers now produced in Belvedere, Kent, and marketed worldwide by Lankro's Burts and Harvey division.

The capital commitment will probably run to several million pounds, it is understood, although Fallek is arranging for the major proportion of funds required.

The Fallek Group is essentially traders of petrochemicals, industrial and fine chemicals. As a result Lankro will provide most of the technical and manufactur*ing know-how*.

The plant, which will be located on Fallek's 200-acre site in Tuscaloosa, Alabama, is due on stream in 1977. The operation will permit output from Lankro's expanded U.K. facilities to meet the increasing demand for herbicides in world markets outside North America.

The move is seen as part of Lankro's bid to be more internationally-minded. The company is also considering an expansion project in Europe, again probably on a joint venture basis.

● Norgine and its subsidiary Camden Chemical Co. is spending £120,000 on upgrading its manufacturing facilities and London office accommodation to keep abreast of the continually increasing demands for its products from overseas customers.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

HOME NEWS

Plan to reclaim old steel site at Cambuslang

BY OUR GLASGOW CORRESPONDENT

MR. BRUCE MILLAN, Minister of State at the Scottish Office, announced yesterday at Cambuslang, near Glasgow, details of *the first phase of a Government* working party's plan to reclaim and regenerate 500 acres of land as a site for new industry that would provide jobs for 25,000 in the long term. At the location, about 2,000 out of 3,000 steel workers employed are expected to lose their jobs. However, Mr. Millan would not say when the plans would materialise nor would he detail the timing of the overall scheme.

The Minister said that a start on cleaning up the area and reclaiming land badly needed for industry was urgently necessary and that it was clearly sensible for the consultants to review the whole area to ensure that any initial developments would be consistent with a desirable pattern which could evolve over the next 10-12 years.

Yesterday's announcement coincided with a statement by the British Steel Corporation that a joint industrial promotional team, designed to attract new job providing industry into traditional Lanarkshire steelmaking areas was being established by the BSC and the Scottish Economic Planning Department on sites where BSC was releasing surplus land for new factories.

EEC Regional Funds will be available to finance such a project designed to create a thriving industrial growth centre out of what the report describes as "a major area of environmental blight."

It also involves a rescue plan for the expected loss of jobs at the Clydebridge steel works and the Clyde iron works where 3,000 are employed as well as the East End of Glasgow where unemployment is claimed to have fluctuated between 7,000 and 11,000 since 1971.

The BSC are selling 94 acres of their land at district valuer's price to the Government for the first phase of the development. Mr. Millan announced that the Scottish Industrial Estates Corporation (soon to be merged into the Scottish Development Agency) will start immediately on construction of the new industrial estate. Factories will be steered into the area which has an unemployment rate of between 6 and 7 per cent. This development could provide about 3,000 jobs in the short term.

'Warning of 50% cut' in council house starts

By William Dullforce
Financial Times Reporter

A LABOUR MP claimed yesterday that Treasury officials had *given brick-making firms a warning* to expect a 50 per cent cut in council house building starts next year.

Mr. Frank Allaun, MP for East Salford, is to question Mr. Anthony Crosland, the Environment Secretary, about it in the Commons next week.

Mr. Allaun alleged that the warning had been passed to the brickmakers by "nods and winks" through their trade body, the Brick Development Association.

"This would be bitterly *opposed by the Labour and trades* union movement," he protested.

"It would be a terrible blow to those in desperate housing need and to the 182,000 unemployed in the building and related industries.

"It would also be flouting our election policies. If it came about I am certain it would be done by cutting back the amount which local authorities are permitted to borrow for housing and by a reduction in subsidy."

Mr. Allaun described this as "a shocking and intolerable suggestion" adding: "It may be one of the prices demanded by the International Monetary Fund and the foreign bankers for financial assistance. Whatever the reason *it cannot be supported.*"

Call for common European currency

BY OUR GLASGOW CORRESPONDENT

A PLEA for a common European currency, making existing currencies "*national*," *to restore* confidence in the value of the pound, was made yesterday by Mr. Stephen Steen, chairman of the Smith and *Nephew group of* companies, at a business affairs conference organised by Glasgow Chamber of Commerce.

Mr. Steen said the value of currency was controlled by the amount of buying and selling. If more British currency was bought and sold its value would improve and confidence be restored in sterling.

A common unit of currency in Europe would bring great advantages besides stabilising Britain's own currency. Anyone who travelled around Europe, he said, must agree it would be better to have one currency than eight, involving a continuing loss every time one moved from one country to another. The main reason for Britain's economic crisis was that she was borrowing more than she was earning.

People were wondering if the pound really floated, because *they felt it really only san[k]*, said Mr. Steen. They were saying that "the Welfare State should be called the farewell State."

He considered Britain's greatest assets her market. *People wanted to sell to Britain* but their goods had to be paid for. The fact was that they did not trust U.K. currency, and *Britain had to redress that state of affairs.*

The sooner there was a European currency as a basic requirement *of the European* community, the better. Britain "could not build for a future when we were spending all the *time and milking only for the* present."

The two great growth industries in Britain to-day were debt and *gambling. If the* Government did not reduce its borrowing we would become a tenth rate country.

HOME CONTRACTS

BSC orders £9m. slab caster from Distington Engineering

DISTINGTON ENGINEERING COMPANY, Workington, has received an order from the British Steel Corporation for a £9m. twin-strand, continuous slab casting machine for its South Teesside works. The caster will be supplied in association with Concast AG, Zurich, for whom Distington is official machine builder and U.K. *representative.*

★

HOLLAND, HANNEN AND CUBITTS (MIDLANDS) has been awarded two contracts totalling more than £1m. The larger order is for the property services agency, Department of the Environment, for whom Cubitts is constructing houses within the Army base at Dering Lines, Brecon. Under a contract worth £625,858, 55 houses will be constructed for both married soldiers and commissioned ranks. The second contract is at Birmingham, where alteration and extension work on Techno House, *a recently-completed building in* the High Street at Harborne, is being carried out at a cost of £381,276 for the West Midlands Regional Health Authority.

★

R. DODDS AND SONS, Richmond, Yorks, has won a £674,994 contract from the Northumbrian Water Authority for water-main laying on Teesside. This covers the laying of steel mains running between South Lackenby and BSC, Redcar. Completion is due in March.

★

POCHIN, Middlewich, Cheshire, has received a £579,000 contract to build a sewerage works at Llandyrnog, North Wales, for the Dee and Clwyd division of the Welsh National Water Development Authority.

★

WELLMAN INCANDESCENT has received an order worth about £200,000 for an electrically heated roller hearth furnace to be supplied to BSC tubes division, Corby, Northants.

★

SIR JAMES FARMER NORTON AND CO., Manchester, has been awarded a contract worth more than £300,000 by the Ductile Steel Group for a cold rolling mill and support plant, which will be erected at Ductile's plant at Willenhall, near Wolverhampton.

The four-high reversing mill will be fitted with an hydraulic system developed by Farmer *Norton for controlling the thickness* tolerance of rolled strip to within close limits.

★

ARC CONCRETE has won orders for precast concrete totalling more than £350,000. The company is supplying and erecting cladding *panels worth over* £200,000 to the Fleet Maintenance Base, Devonport. It also has an order for concrete pipes and manholes worth £65,000 for the Burnham-on-Sea sewerage contract, and a further 2½ miles of flexible-jointed pipe is being supplied for the South-East Nailsea surface water *scheme near Bristol.*

★

ISOVEL has won a contract worth more than £200,000 from the *Northern Regional* Health Authority for the design and erection of buildings and installation of all services for an ICL 1904S *computer on a site* at Walkergate Hospital, Newcastle-upon-Tyne.

LONG-RANGE WEATHER FORECAST

Warm and dry July

THE Meteorological Office's *weather prospects for July says* the first week of the month is expected to continue the present mainly dry and sunny weather, and it will probably become warm in most districts.

A good deal of warm and mostly dry *weather is expected* to follow but a cooler unsettled spell is likely near the mid-month and another unsettled *spell, which may be thundery, is* also likely later.

Total rainfall is likely to be below average, *but local falls* are expected to give average rainfall in some localities. It is expected to be sunnier than usual *in all districts.*

Mean temperatures are likely to be above average in most districts, and much above average *in Northern Ireland, Wales and* Western England.

Thunderstorms are likely to occur with less than average *frequency, but a few isolated* heavy storms are expected.

Hoses ban is extended

A BAN on the use of hoses and water sprinklers in gardens or for washing cars is to be extended to cover the whole of Cornwall and Devon and parts of *Dorset and Somerset* by the end of this week.

A spokesman for the South West Water Authority said the *restrictions were necessary* because of the driest June spell in the West Country for 50 years.

All reservoirs in the area were beginning to "draw down" and this was giving cause for concern. But the spokesman stressed there was no immediate problem about water supplies, apart from helping some farmers.

However, the authority is considering as a "precaution" applying to the Environment Secretary for Drought Orders, a measure which would enable it to draw on extra water from rivers.

This had been done in previous dry spells.

YACHTING **BY ALEC BEILBY**

British Admiral's Cup team selected

BRITAIN WILL be represented in the 1975 Admiral's Cup series by Robin Aisher's *Yeoman XX*, designed by Doug Peterson, John Prentice's Battleecry, designed by Sparkman and Stephens and Ron Amey's Noryema, designed by German Frers. The selection, announced at the Royal Ocean Racing Club by David Edwards in his capacity as chairman of the selection committee, comes as no great surprise either to the 14 crews who took part in the trials or observers. The reserve yacht will be Tony Morgan's More Opposition.

Robin Aisher, team captain in *the 1973 series has again been* given the task of leading the three crews while Ron Amey, a veteran offshore sailor, is in the *British team for the fourth time* and has been skipper of the reserve yacht twice. The team will be managed by Major-General Jim Gavin.

Calms to gales

John Prentice and his crew will be making a well-deserved debut in the team having started their campaign to win a place last season. Months of tuning were almost lost when their yacht Battleecry was damaged only three weeks before trials began.

David Edwards, when announcing the team, said that the selection had been more than usually difficult, the main problem being that of finding a team during June that will perform at its best in August. Luckily the June *weather during the trials was* kind to the selectors providing everything from calms to gales and it appears that the best pos*sible team has emerged.*

Germany, Cup winners in the last series in 1973, last week announced a strong team of three brand-new Sparkman and Stephens designed yachts with almost identical rating. The measuring of the German team *for handicapping has been sub*ject to some questions by some of their rivals but the Admiral's Cup management committee are watching this and *other possible* problems of this sort in every team very closely.

Cowes week

The British yachts will meet 19 other teams in the series, including crews from Canada, Hong Kong, Norway, New Zealand and Switzerland who will be taking part for the first time.

Hong Kong crews have chartered the British yacht Trailblazer and Casse Tete IV to join Ciel V, while Monaco is also thought to be chartering two *yachts though they may fall foul* of the rules of entry as crews must be truly representative of their countries.

The French, who held their selection trials off Cowes and during British ocean races, are expected to announce their team before the midnight deadline to-night.

The series is sailed over the 220-mile Channel race on the eve of Cowes Week, 230-mile inshore races during Cowes Week and it ends with the 650-mile Fastnet race from Cowes to Ply*mouth starting* at the end of Cowes Week.

مكتبة الأهرام

LABOUR NEWS

South Wales steel plant halted after 400 walk out

BY OUR LABOUR STAFF

A WALK-OUT by 400 blast-furnacemen has halted production at the British Steel Corporation's big Llanwern plant near Newport, South Wales. The strike, which started over the week-end, is over new manning arrangements.

Hundreds of workers are already idle and if the dispute is prolonged there could be widespread lay-offs at the works, which employs 9,000 in al.

The dispute is about new shift arrangements brought in after the BSC agreed a six-point plan with the TUC steel committee on a national basis to offset redundancies. A similar dispute recently crippled other steel plants in South Wales.

Meanwhile, some 15,000 BSC process and maintenance workers have concluded a pay deal that matches the 24 per cent. settlement for 70,000 manual workers represented by the Iron and Steel Trades Confederation.

Like the ISTC deal, it will run initially for seven months from June 1, and then for a further 12 months as part of a move to get all BSC wage agreements on to a January-January basis.

Review

At the end of the year the deal will be reviewed, taking into account the movement in the retail prices index up to that time. This is understood to be the substance of the undisclosed cost-of-living agreement reported last Friday.

But that review will also be subject to whatever emerges from TUC-Government discussions on a revised social contract.

Of the steelworkers' 24 per cent. total increase over the last year, some 10 per cent. is the value of £4.40 a week threshold money already being paid, leaving a "new money" element of about 14 per cent.

Under the latest deal, that "new money" is worth about £6 a week for maintenance craftsmen and pro rata for unskilled men—whose differential varies from plant to plant. For the process and production men it is worth £5 or slightly less. All 15,000 are represented by the General and Municipal Workers' Union.

There have been some slight shift pay improvements.

Action but no strike at Perkins

FOUR HUNDRED white collar workers at Perkins diesel engine plant in Peterborough went back to work yesterday after last week's series of lightning strikes.

But they voted at a mass meeting to continue their work to rule and overtime ban in support of a demand for an improved pay offer from the management.

The men, who belong to the white collar branch of the engineering union, have rejected an offer of an extra £9.25 a week and are insisting on increases in line with the £10.50 made to the company's 6,000 shop-floor workers in April.

Meanwhile about 1,400 machine shop workers began banning overtime yesterday at a second Massey-Ferguson plant, this time its tractor factory at Coventry. They claim this would prevent the company cushioning the impact of a six-week pay strike which was settled recently. The new action could frustrate a production spurt to clear the backlog of work.

A strike by more than 50 craftsmen which halted production at 12 engineering factories in the Ward and Goldstone Group in North-West England ended yesterday. A mass meeting in Salford agreed to accept a £5 a week pay increase and return to work.

All but one of the group's 13 factories, mainly in the greater Manchester areas, stopped production because of the dispute

Derbyshire miners to decide to-morrow

BY OUR LABOUR CORRESPONDENT

DERBYSHIRE MINERS' leaders meet to-morrow evening to decide whether to support pay demands set by their left wing Yorkshire colleagues which could set next week's National Union of Mineworkers on a collision course with new voluntary pay curbs being drawn up by the TUC.

With other NUM areas fairly evenly divided, it looks as though the 11 Derbyshire votes will be decisive although leaders of both left and moderate factions within the union maintain they are quietly confident of coming away with a majority at next week's crucial pay debate.

Without the Derbyshire vote, Mr. Arthur Scargill, Yorkshire area president, already appears to have secured 133 of the 267 conference votes for his demands for increases of £39 a week to give surface men and face workers weekly rates of £80 and £100 respectively.

However, such is the political manoeuvring at NUM conferences that prior voting commitments do not necessarily carry the day when hands are counted—as was shown last year when Midlands NUM delegates went against their mandate and sided with the moderates.

NUM moderates will press for "substantial" increases "ensuring parity" with pit deputies and appropriate differentials for other grades.

A full agenda at yesterday's Derby NUM leaders' meeting caused the main policy decisions to be left over until a reconvened meeting to-morrow evening.

TV peace talks adjourned

TALKS AIMED at settling the wages dispute which blacked out Independent Television programmes for a short time last Friday adjourned after one hour yesterday afternoon.

But the Independent Broadcasting Authority and the Association of Broadcasting Staff, which originally asked for 30 per cent. rises for its members, are expected to be in contact with each other again to-day.

The ABS now wants an improvement on the IBA's 22 per cent. offer on wages ranging from £32 a week for canteen and manual workers to £7,000 a year for senior engineers.

The IBA said last night that the pay offer applied to all its 1,200 staff, although the dispute involves 600 IBA staff at transmitters.

Lloyd's studies maintenance of idle tankers

By James McDonald

Lloyd's Register of Shipping, the British classification society, has been studying a number of alternative techniques proposed by owners of large tankers to facilitate the lay-up procedures of their unemployed ships—now totalling about 35m. deadweight tons, or over 14 per cent. of the world tanker fleet.

One of the techniques being considered when the lay-up period is likely to be longer than a year is that of dehumidifying such spaces as the engine room accommodation and wheelhouse.

Initial survey and inspection of the laying-up arrangements is carried out by a local Lloyd's Register surveyor on behalf of the specification services department and a laying-up report is issued after a satisfactory examination.

Call for quotas on car imports

OUT OF DATE equipment and the influx of foreign cars were blamed yesterday for the troubles in the British motor industry.

Shop stewards at Vauxhall Motors made the claim in evidence to a House of Commons select committee into the motor industry at a meeting at Vauxhall's Dunstable, Bedfordshire, shop plant.

Lack of communication between management and workers was blamed for industrial strife at Vauxhall by Mr. Ernie Watkins, the plant's Amalgamated Union of Engineering Workers' convener.

The committee was told that Vauxhall built 70,000 cars, vans and trucks in 1965 but forecast production for 1975 was only 40,000. Mr. Watkins called for import controls on foreign cars.

Sharman newspaper dispute could spread, print union warned

BY OUR LABOUR CORRESPONDENT

EVERY NEWSPAPER in Britain could be affected by the repercussions of an East Anglian printing dispute involving 40 workers.

This warning was given yesterday by a spokesman for the National Graphical Association, which has instructed all members to "black" 18 businesses which continue to advertise with the Sharman Group of weekly papers, printed at Peterborough.

Meanwhile one evening newspaper has threatened to cease publication because of what it described as censorship of advertising space by the NGA.

The warning was contained in a leader in yesterday's editions of the Sunderland Evening Echo which explained why some regular advertisements failed to appear in the last few days.

An NGA directive has been sent out to branches from the union's Bedford headquarters telling members not to handle material from blacklisted advertisers including Odeon and ABC cinemas and theatres—both of which later decided to withdraw adverts from Sharman group papers — Cambridgeshire County Council, the Kenning Motor Group, Kier and Peterborough Development Corporation.

The dispute with the Sharman Group is over the installation of new equipment which does away with the need for typesetting by members of the NGA.

The company says it has given a written guarantee that there will be no redundancies among the 40 NGA members. In spite of this, the management said, the employees were ordered to strike.

Talks were resumed in London yesterday afternoon between members of the Newspaper Society and the NGA in an effort to settle the Sharman dispute. But the group's managing director, Mr. John Sharman, said that "in view of the violence which had occurred on the picket lines to which some members of our staff have been subjected, we are not prepared to make any further concessions. "The only way this dispute can now be settled is if the union call off their industrial action and allow us to use this equipment as we have always planned."

At the week-end, Mr. Sharman claimed that water had been poured into the petrol tank of a journalist's car; two members of staff had had their tyres slashed; and an estate agent had had a 4.30 a.m. phone call warning him not to advertise in the company's papers.

Mr. Stephen Hastings, Tory MP for mid-Bedfordshire, has said he plans to raise the dispute in the Commons.

240 REDUNDANCIES AT DARLINGTON

Cummins Engines, one of Darlington's biggest employers, yesterday announced 240 redundancies because of reduced demand for its range of engines.

A company spokesman said the cutback would ensure normal working in the foreseeable future for the remaining 1,520 hourly paid workers.

More join Welsh hospital strike

BY OUR LABOUR STAFF

ANCILLARY WORKERS at another South Wales hospital yesterday joined the strike at the Morriston Hospital, Swansea, called in protest at alleged victimisation of a union official.

About 300 porters, cleaners, cooks and others at Neath General Hospital walked out for a 24-hour token stoppage, but decided to maintain essential services.

The Morriston strike, where 400 are involved, is in support of demands for an inquiry into the treatment of Mr. Len Price, branch secretary of the National Union of Public Employees.

Mr. Price led a strike at the Morriston earlier this year over the admission of a private patient to the hospital's only private bed.

Now he claims he is "lined up for dismissal" and has lost between £50 and £60 due to him for overtime and for days he was off sick and on holiday.

Meanwhile the secretary of a London hospital where 25 telephonists and porters are on strike yesterday said lives could be endangered because general practitioners could have difficulty getting through.

The strikers, at an annexe of the Great Ormonde Street hospital for children, want the telephone switchboard to be moved and security to be stepped up because of night attacks on staff by drunks.

Mr. John Kitson, hospital secretary, said he supported the idea of moving the switchboard, but the hospital finance committee lacked the funds.

Although the strikers were handling fire alarm and cardiac arrest calls, a full emergency service was not being provided.

Talks were being held yesterday with an official of NUPE, the ancillary workers' union.

APPOINTMENTS

New chairman for Morgan Crucible

Mr. I. Weston Smith has been appointed chairman of the MORGAN CRUCIBLE COMPANY in succession to Mr. H. I. Matthey who has relinquished his seat on the Board on retirement from executive duties. Mr. J. C. R. Gilbert has been made managing diectors. Lord Reigate, who has reached the age of 70, has retired from the Board.

★

Mr. L. G. Mummery has retired as chairman of W. CANNING AND CO. He has been with the company for 25 years.

★

Sir Daniel Pettit has been appointed a regional director of the Birmingham and West Midlands Board of LLOYDS BANK which sits at Birmingham under the chairmanship of Viscount Cobham. Sir Daniel is chairman of the National Freight Corporation and a member of the National Ports Council. He is also chairman of the Distributive Trades Economic Development Council.

★

Professor Harold Rose has resigned from the Boards of the THROGMORTON TRUST and the NEW THROGMORTON TRUST to concentrate on his new business activities.

★

Mr. E. J. Baden, a director of Samuel Montagu and C., has been appointed a director and chairman of MIDLAND MONTAGU INDUSTRIAL FINANCE.

★

Sir Archibald Forbes has been appointed deputy chairman of the THOMAS COOK GROUP. Mr. M. G. Wilcox retires as deputy chairman but remains on the Thomas Cook Group Board. Mr. T. E. Fisher becomes executive vice-chairman and Mr. M. W. Brocksom has been appointed an executive director. Mr. Fisher retains a place on the Boards of Midland Bank Finance Corporation, Forward Trust and Midland Montagu Leasing. Mr. Brocksom, presently finance director of Forward Trust, joins the Thomas Cook Group Board.

★

Mr. Henry Keswick has been appointed chairman of MATHESON AND COMPANY. He succeeds Sir Michael Herries who has been appointed a deputy chairman of the Royal Bank of Scotland but who will remain on the Board of Matheson and Company. Mr. Keswick retired as chairman of Jardine Matheson and Company, in Hong Kong on April 19. He was appointed senior managing director of Jardine Matheson and Company, in June, 1970, when Sir Michael Herries retired as chairman and managing director.

★

Mr. C. D. Roberts has retired from the Board of TOOTAL after 37 years with the group. He was appointed a director of Tootal in 1971 and was chairman of its fabric division from 1970 to 1974.

★

Mr. D. L. B. Hurry has joined NIGHTINGALE ENGINEERING as director and general manager.

Mr. Ian T. H. Logie has joined the Board of GILLETT BROTHERS DISCOUNT COMPANY.

★

Mr. N. Maris has been appointed executive chairman of Wragby Plastics and a director of Harrison (Birmingham) Brassfoundry. Both companies are subsidiaries of McKECHNIE BROTHERS.

★

Mr. Paul Seymour has been appointed actuary of TARGET LIFE and also becomes a director. Mr. A. S. Clarke, the present actuary is retiring from that position but remains a director.

★

The Duke of Edinburgh is to become the President of the NATIONAL FEDERATION OF HOUSING ASSOCIATIONS from July 1 for five years. The National Federation of Housing Associations is the central representative body for some 2,200 housing associations providing extra homes in co-operation with local authorities.

★

Mr. J. G. Reid has been elected chairman of the INSTITUTE OF PRACTITIONERS IN WORK STUDY, ORGANISATION AND METHODS.

★

Mr. E. A. Pollock has become managing director of W. J. Furse and Company in succession to Mr. J. K. Furse who will continue as chairman. Mr. Pollock will give up his present position of deputy chairman and joint managing director of Crown House Engineering. Mr. R. A. Jones, at present chairman and joint managing director Crown House Engineering, will be chairman and managing director; and Mr. G. R. Parker, at present director responsible for the South Region, will become deputy managing director.

The companies are members of the CROWN HOUSE GROUP.

★

Mr. H. J. Hyams has resigned from the Board of GEORGE WIMPEY AND COMPANY and Mr. W. Barr has resigned from the Board of the Oldham Estate Company.

★

Mr. E. Leonard Groom has been appointed vice-chairman of PORTELLI INTERNATIONAL, of Malta; a subsidiary company of the Rakusen Group.

★

Mr. E. L. B. Turner, managing director of DRG Flexible Packaging, will succeed Mr. J. S. Camm as chief executive of the packaging division and managing director of DRG Packaging from August 1. Mr. J. M. Woolley will succeed Mr. Turner as managing director of DRG Flexible Packaging.

The companies are members of the DICKINSON ROBINSON GROUP.

★

Mr. R. H. Boyers has been appointed a full-time chairman of INDUSTRIAL TRIBUNALS (ENGLAND AND WALES) from July 15.

PARLIAMENT

Fishing industry aid in doubt

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

CONTINUANCE OF Government aid to the fishing industry is now in doubt and any level of future assistance will be dependent on the overall economic package expected shortly.

Mr. Fred Peart, Agriculture Minister, told the Commons yesterday that he could not yet say whether, and in what form, the present temporary aid could be continued.

MPs who cross-questioned him during a debate on the industry, immediately linked the delay in a positive statement to the national considerations of the Chancellor.

"We are considering the question urgently and will announce our decision as soon as possible," said Mr. Peart.

The question concerned the £6.25m. temporary aid for the fishing industry offered by the Government last February. It operated as a daily rate payment system for the first six months of this year. It enabled help to be given to the vessels providing more than 90 per cent. of the country's supply of white fish and herring.

From the Labour back benches, the Minister was asked if he expected to make a statement on aid for the industry before the House rises around the end of July for the summer recess.

Mr. Peart stressed his hope of a statement "quickly."

But he was further pressed by Mr. James Prior on the Opposition front bench. "Do we gather that this forms part of the economic statement to be made later this month?" Mr. Prior asked.

But Mr. Peart insisted that he could not pre-judge that. "This is something I am specifically involved with and interested in," he told the House. "I can't say more than that."

But, in the course of the debate, he acknowledged that Britain's fishing industry was facing serious difficulties and had been caught in a severe cost-price squeeze.

Mr. Prior maintained that the *situation for the industry* was even worse and that it was facing its most serious crisis since the war.

Losses

Opening the debate, Opposition spokesman Mr. Michael Jopling declared: "Fishermen and owners of boats find themselves to-day in a vice-like grip with sky-high costs of operation on the one hand and very low returns on the other. As a result, they are facing very considerable financial losses indeed."

A large proportion of Britain's trawler fleet had already been scrapped. "Unless the Minister does something quickly there will be another 60 trawlers put out of operation before the end of this year."

Since January 1974 the catching capacity of the British fishing fleet had declined by 93,000 tons. If the decline continued and these 60 extra trawlers were taken out of action, it would mean a decline of 160,000 tons a year, at a value of about £50m.

In future, we might have to spend up to £100m. a year extra to buy fish from sources other than our British industry.

Mr. Jopling said that Conservatives were also concerned about the lost employment, which already amounted to over 1,000 jobs. If the decline continued, another 1,500 jobs would be lost.

"It seems strange that the Government should be presiding over this decline at the same time as it has produced its White Paper, 'Food from our own resources.'" It remained Conservative policy to support a 200-mile exclusive economic zone round our coasts.

Mr. Jopling called on the Government to state that if Norway or Iceland declared a 200-mile fishing zone unilaterally, there would be no question of those countries fishing in similar zones around our own coasts.

The North Sea and parts of the North-east Atlantic had been scooped clean of some kinds of fish by certain countries and these countries were now turning to our own waters.

Mr. Jopling said that the Government should take urgent steps to modify the Common Fisheries Policy which had become out of date in the last year or so.

Mr. Peart said he fully recognised the serious difficulties facing the industry. Apart from problems arising from the economy generally, there were those from over-exploitation of fish stocks and from conservation measures. Difficulties also stemmed from uncertainty about *fishing limits*.

Individual sections of the industry had their own problems and the solutions to the problems of one sector could cause difficulties for other sectors.

The fishing industry had been caught in a severe cost-price squeeze which the Government had not allowed to continue unchecked. A system of temporary aid for the fishing industry had been announced in February.

Referring to the aid of £6.25m. over the first six months of the year, Mr. Peart said: "I accept that the aid made available did *not satisfy everyone*. I would like to be in a position to-day to say whether, and in what form, this aid could be continued, but I am afraid that I cannot do so.

"We are considering the question *urgently and carefully* and we will announce our decision as soon as possible."

Mr. Peart said he would be pursuing the question of quotas in the North Sea, fishing limits, and access to Icelandic waters. There was no disguising the fact that the industry faced difficult problems, many of which could not be solved without Government assistance.

The Minister agreed that the industry provided an essential part of the nation's diet, and the Government would continue to stand by an economically operating industry.

Mr. Alan Beith (L, Berwick) said fishermen did not want permanent subsidies but some sort of subsidy was necessary at the present time particularly for small boats and shell boats.

Crosland sets target for rail support

THE GOVERNMENT has set the British Railways Board targets for reducing their dependence on Exchequer support, Environment Secretary, Mr. Anthony Crosland, said yesterday.

And he warned that in the short-term, relief must come mainly from higher fares and charges.

The Minister said in a Commons written reply that he had set a short-term target of limiting passenger support payment for 1976 to no more than the present level in real terms.

"For the longer term I propose to *set ceilings for the total* level of support and borrowing within which the Board will have to manage the railways.

"On freight services, the Government views most seriously the deficits for which there is no statutory provision. I have therefore asked the Board to examine urgently ways and means by which these can be eliminated."

Mr. Crosland promised to make a further announcement about this as soon as possible.

He told Mr. Lamborn that following the recent pay settlement, the Board was considering urgently how they themselves could reduce their dependence on Exchequer support.

After his warning of higher fares and charges, he said: "The Board has already taken action *to reduce working expenses.* They have instituted studies of their passenger and freight business aimed at identifying more precisely the worst loss makers and securing economies."

£4.8M. FOR JULY PREMIUM BONDS

The 101,070 Premium Savings Bonds prizes to be drawn in July at Lytham St. Anne's, Lancs., will be worth £4,789,500, bringing the total of prizes awarded since 1958 to 11,989,008 valued at £470,823,900.

Bonds eligible for the draws are those sold during the period November, 1956, to March, 1975, inclusive, and not encashed.

Cabinet to rule on BP shares

FINANCIAL TIMES REPORTER

A CLEAR undertaking that the Cabinet will decide the future of the BP shares which the Bank *of England acquired from* Burmah Oil was given in the Commons yesterday by Mr. Anthony Wedgwood Benn, the Energy Secretary.

After he had stated that the matter was still under consideration, he was asked by Mr. John Ovenden (Lab Gravesend) to consider the advisability of taking BP into full public ownership in order to use it as the basis for the British National Oil Corporation.

Mr. Benn replied: "I can *assure you that the decision* about these shares will be a Government decision and will not be taken without regard to our national interests as best we can identify it."

In giving this assurance he stressed that it was "without prejudice" to Mr. Ovenden's suggestion that a fully publicly owned BP should be used as the basis for the BNOC.

Mr. Benn told a Tory backbencher that the Government holding in BP, which went back many years, provided for the nation an important holding in an important industry.

Scottish Nationalist MPs led an attack on the Government when Mr. John Smith, Under-Secretary for Energy, said the rate of depletion for both oil and gas from the North Sea would be such as to secure the greatest benefit to Britain's economy.

"The primary aim for oil is to eliminate net imports as quickly as possible," he said.

Mr. Donald Stewart, leader of the Scottish Nationalists, maintained that there ought to be other considerations in determining the rate of extraction *other than getting money to* set against the British balance of payments.

Import

Mr. Smith answered that the objective of depletion policy would be to take account not only of needs insofar as imports were concerned but the best long-term use of finite resources. "It makes sense in the short term to eliminate the requirement to import oil from abroad," he insisted.

When asked what plans he had for discussions on North Sea oil production with his EEC counterparts, Mr. Benn answered: "Production from the U.K. North Sea is a matter for the Government, but I shall *obviously be keeping my European* colleagues informed of the Government's plans for reducing dependence on imported oil."

Mr. Patrick Jenkin, "shadow" Energy Minister, challenged Mr. Benn to admit that he had been wrong in allegations he had made during the referendum campaign about EEC controls over the depletion rate and that the Prime Minister and other pro-marketeers had been right.

Mr. Benn retorted amid jeers from the Tory benches: "I think it would not be sensible to re-open the referendum argument."

Leyland cash depends on productivity–Beswick

GOVERNMENT rescue plans for British Leyland would be "throwing good money after bad" if overmanning were not reduced and there was no collaboration between workforce and management, Lord Aberdare, deputy Opposition leader, said in the Lords yesterday.

On the second reading of the British Leyland Bill, Lord Aberdare said that Government acceptance of the Ryder report recommendations would mean spending an enormous sum of money at a time when we ought to be cutting public expenditure.

He rejected the view that British Leyland should have been allowed to go to the wall.

But he claimed that up to 1982, the total required to finance the Government's plans at inflated prices was £2.8bn. There seemed to have been no attempt to consider any alternative plan for the company.

Industry Minister of State, Lord Beswick, said the £265m. provided for in the Bill would be used to buy shares in the company and provide capital.

Of suggestions that the Government should have proceeded more leisurely, he said: "These situations do not normally allow the luxury of lengthy discussion. This company has to survive in a highly competitive environment and the timing of Government action is subject to these principles."

Lord Beswick: "The harsh fact is that it will be a very considerable challenge to put this company on a sound and profitable *basis, and each day of delay will* make that task the harder.

But he stressed that although the situation was urgent, the inquiry team who produced the Ryder report accepted the need for safeguards when large sums of public money were involved.

It was therefore intended to work out arrangements for scrutiny between British Leyland and the National Enterprise Board when it was set up. There would also be close contact with the Department of Industry through planning agreements.

Lord Beswick: "Progress of the capital expenditure programme and the injection of new finance by the Government will be staged. Each stage will depend on a tangible contribution by the management and workforce to the improvement of industrial relations and productivity."

Following the initial provision of £200m., there would be annual reviews during the period 1976-*1978. He warned that unless the* skills, efforts and attitudes of British Leyland employees were "fully and constructively applied, then all else is lost."

On the importance of *improving industrial democracy*, Lord Beswick said that discussions within the company had already begun about setting up joint management-union committees to provide a forum within which representatives of the workers could contribute effectively towards improving efficiency.

The Bill was given an unopposed second reading.

Saving on oil imports

NORTH SEA oil which will be produced between now and 1980 would, if imported, cost between £11bn. and £14bn. at current prices, Under-Secretary for Energy, Mr. John Smith, told MPs yesterday.

Mr. Smith said it was expected that total oil production from the U.K. Continental Shelf in that period would amount to between 300m. and 350m. tons.

Mr. Smith said that the cost of production could be in the region of half the import cost, though, because a large share would be for domestic resources, the benefit to the balance of payments would be very much larger than half the import cost.

He agreed with Mr. Ian Gow (C. Eastbourne) that the supply of oil from our own shores was *not going to provide an "automatic bonanza."* The Government had constantly reminded the public of that.

"But, on the other hand, we can under-estimate the importance of *North Sea oil*, which will be one of the major features which will put this country into a position of self-sufficiency by the 1980s. In that, we will be unique in the Western world."

Government 'will review petrol-saving policy'

THE GOVERNMENT will review its petrol-saving policy before *the fuel-savings speed-limits* are reconsidered at the end of November, Mr. John Smith, Under-Secretary, Energy, said.

It was not known what effect the changed speed limits had had on the consumption of petrol, which was complicated by other factors like price.

"Speed limits come up for review on November 30, and the Government will review the policy before then."

Petrol consumption in the first quarters of 1973, 1974 and 1975 was respectively 3.85m., 3.57m. and 3.55 tons.

Mr. Nicholas Ridley (C., Cirencester and Tewkesbury) said this showed petrol was not regarded as a luxury and more, but as an essential.

The Government's increases on petrol tax had caused great hardship to many people, particularly in the country, he added. The basis of taxation should be switched from petrol to crude oil. That would be more equitable.

Mr. Smith replied that petrol was a large part of the consumption of oil in the U.K. The policy seemed to be working, to the extent that consumption was down significantly by 8 per cent since 1973. This was against a background of a constant annual increase of 5 per cent before that.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on June 30, 1975. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from the market rates of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territory; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n/c) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (ex/c) exchange certificate rate; (P) based on U.S. dollar parities and going sterling-dollar rate; (Bk.) bankers' rate; (Bas.) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit	Value of £ Sterling	Place and Local Units	Value of £ Sterling	Place and Local Unit	Value of £ Sterling
♦Afars & Issas Djibouti Franc	386.0(sg)	Germany West Deutschemark	5.16½	Paraguay Guarani	271.44
Afghanistan Afghani	134 (A)			P'ple's D. Rp. of Yemen (S) S. Yemen Dinar	(A)0.75
Albania Lek	(O)10.16(A) / (T)25.25(A)	Ghana (S) Cedi	2.58		
		Gibraltar (S) Gibraltar £	1.00	Peru Sol	(ex/c)(A)84.80 / (A)95.22*
Algeria Dinar	(A)7.9150(sg)	Gilbert & Ellice Is.(S) Aust. Dollar	1.6497	Philippines Ph. Peso	15.6525
Andorra French Franc / Spanish peseta	8.86 / 122.87½	Greece Drachma	67.1445	Pitcairn Is.(S) £ Sterling / New Zealand $	1.6848
Angola Ang. Escudo	55.55	Greenland Danish Kroner	11.98	Poland Zloty	[illegible].47 / (T)75.00
Antigua (S) E. Caribbean	4.80	Grenada (S) E. Caribbean $	4.80		
Argentina Ar. Peso	(cm) 56.85 / (fn) 65.31	Guadeloupe Local Franc	8.86	Portugal Pgse Escudo	55.55
Australia (S) Australian $	1.6497	Guam U.S. $	2.1920	Port Timor Timor Escudo	55.55
Austria Schilling	38.45	Guatemala Quetzal	2.1920	Principe Isle. ♥♥	♥♥
Azores Portug. Escudo	55.55	Guinea Rep. Sily	n.a.	Puerto Rico U.S. $	2.1920
		Guinea Bissau ♥ ♥	♥ ♥	Qatar (S) Qatar Ryal	8.44
Bahamas (S) Ba. Dollar	2.1934	Guyana (S) Guyanese $	5.21	Reunion Ile de la C.F.A. Franc	445
Bangladesh (S) Taka	25.85(sg)	Haiti Gourde	10.96	Rhodesia Pound ♦♦	n.a.
Bahrain (S) Dinar	0.872	Honduras Rep. Lempira	4.384		
Balearic Is. Spa. Peseta	122.87½	Hong Kong (S) H.K. $	10.765		
Barbados (S) Barbados $	4.90	Hungary Forint	(com) 112.77 / (non-com)T 49.07	Romania Leu	(cm)11.20 / (non-com)T 28.70
Belgium B. Franc	(cm)77.50 / (fn)80.45	Iceland (S) I. Krona	346.60	Rwanda Rwanda Franc	214.69
Belize B$	4.0	India (S) Ind. Rupee	16.732(sg)		
Bermuda (S) Bda. $	2.1920	Indonesia Rupiah	905.68	St. Christopher (S) E. Caribbean $	4.80
Bhutan Indian Rupee	16.732(sg)	Iran Rial	(A)148.0	St. Helena (S) £ sterling	—
Bolivia Bolivian Peso	43.84	Iraq Iraq Dinar	0.65547	St. Lucia (S) E. Caribbean $	4.80
Botswana (S) S. A. Rand	1.560376	Irish Rep. Irish £	1.00	St. Pierre C.F.A. Franc	443
Brazil Cruzeiro	17.85	Israel Israel £	15.7[illegible]	St. Vincent (S) E. Caribbean $	4.80
Br. Solomon Is. (S) Australian $	1.6497	Italy Lira	1,382	Salvador El Colon	5.44½
Br. Virgin Is. U.S. $	2.1920	Ivory Coast C.F.A. Franc	443	Samoa (Am.) U.S. $	2.1920
Brunei (S) Brunei $	5.0097	Jamaica (S) Jamaica Dollar	1.9882	San Marino Italian Lira	1,382
Bulgaria Lev	(O) 2.24 / (T) 2.77	Japan Yen	648	Sao Tome ♥♥	♥ ♥
Burma Kyat	(A)14.5700(sg)	Jordan (S) Jdn. Dinar	0.677(sg)	Saudi Arabia Riyal	7.67½
Burundi Burundi Franc	178.86	Kenya (S) Ken. Shilling	15.6317	Senegal C.F.A. Franc	443
		Korea (Nth) Won	[illegible]	Seychelles S. Rupee	[illegible]
		Korea (Sth) Won	1,075.66	Sierra Leone (S) Leone	2.0
		Kuwait (S) Kuwait Dinar	0.627	Singapore (S) Singapore $	5.0007
		Laos Kip	n.a.	Somali Rep. Som. Shilling	(A)14.70(sg)
Cambodia Riel	n.a.	Lebanon Lebanese £	4.775	Sth. African (S) Rand	1.560758
Cameroun Rp. C.F.A. Franc	445	Lesotho S. African Rand	1.560376	S. W. African Territories (S) S. A. Rand	1.560758
Canada Canadian $	2.290	Liberia Liberian $	2.1920		
Canary Is. Spanish Peseta	122.87½	Libya Libyan Dinar	(P) 0.6486		
Cape Verde Is. Cape V. Escudo	55.55	Liechtenstein Swiss Franc	5.48½	Spain Peseta	122.87½
Cayman Is.(S) Cay. I. $	1.8246			Span. Ports in North Africa Peseta	122.87½
Cent. Af. Rp. C.F.A. Franc	443	Luxembourg Lux Franc	77.50	Sri Lanka (S) S. L. Rupee	16.66[illegible]
Chad C.F.A. Franc	443	Macao Pataca	12.7525	Sudan Rp. Sudan £	(A)0.857(sg)
Chile C. Escudo	(Bk) 10,675 / (T) 11,665	Madeira Portug'se escudo	55.55	Surinam S. Guilder	3.9286
China Renminbi Yuan	3.9407	Malagasy Rp. MG Franc	443	Swaziland (S) Lilangeni	1.560379
Colombia C. Peso	(P)70.05	Malawi (S) Kwacha	1.8817	Sweden S. Krona	8.82½
Comoro Is. C.F.A. Franc	443	Malaysia (S) Malaysian $	5.0242	Switzerland Swiss Franc	5.48½
Congo (Bzle) C.F.A. Franc	445	Maldive Is.(S) Mal Rupee	n.a.	Syria Syria £	[illegible]
Costa Rica Colon	18.5212	Mali Rp. Mali Franc	886.0	Taiwan New Taiwan $	(P)83.2960
Cuba Cuban Peso	1.8878	Malta (S) Maltese £	0.82834	Tanzania (S) Tan. Shilling	[illegible]
Cyprus (S) Cyprus £	[illegible]	Martinique Local Franc	8.86	Thailand Baht	[illegible]
Czechoslovakia Koruna	[illegible]	Mauritania Ouguiya	[illegible]	Tonga Is. (S) Pa'anga	[illegible]
Dahomey C.F.A. Franc	445	Mauritius (S) M. Rupee	[illegible]	Trinidad (S) Trin. & Tobago $	[illegible]
Denmark Danish Krone	11.98	Mexico Mexican Peso	[illegible]	Tunisia Tunisian Dinar	[illegible]
Dominica (S) E. Caribbean $	4.80	Miquelon C.F.A. Franc	[illegible]	Turkey Turkish Lira	[illegible]
Domin. Rep. Dominican Peso	2.1920	Monaco French Franc	[illegible]	Turks & Caicos U.S. $	[illegible]
		Mongolia Tugrik	[illegible]	Tuvalu Australian $	[illegible]
		Montserrat E. Caribbean $	[illegible]	Uganda (S) Ug. Shilling	[illegible]
		Morocco Dirham	[illegible]	United States U.S. Dollar	2.1920
Ecuador Sucre	[illegible]	Mozambique Moz. Escudo	55.55	Uruguay Uruguay Peso	[illegible]
Egypt Egyptian £	[illegible]	Nauru Is. Aust. Dollar	1.6497	Utd. Arab Emirates U.A.E. Dirham	[illegible]
Ethiopia Ethiopian $	[illegible]	Nepal Nepalese Rupee	[illegible]	U.S.S.R. Rouble	[illegible]
Eq'tl Guinea Peseta	122.87½	Netherlands Guilder	[illegible]	Upper Volta C.F.A. Franc	443
Falkland Is. Falkland Is. £	1.0	Neth. Antilles Antillian Guilder	[illegible]	Vatican Italian Lira	[illegible]
Faro Is. Danish Krone	11.98	New Hebrides Aust. Dollar / Fr. Franc	[illegible]	Venezuela Bolivar	[illegible]
Fiji Is. Fiji $	[illegible]	New Zealand (S) N.Z. Dollar	[illegible]	Vietnam (Nth) Dong	[illegible]
Finland Markka	[illegible]	Nicaragua Cordoba	[illegible]	Vietnam (Sth) Piastre	[illegible]
France French Franc	[illegible]	Niger Rp. C.F.A. Franc	[illegible]	Virgin Is. U.S. U.S. Dollar	2.1920
Fr. C'ty in Af. C.F.A. Franc	445	Nigeria (S) Naira	[illegible]	Western Samoa (S) Samoan Tala	[illegible]
Fr. Guiana Local Franc	8.86	Norway Norg. Krone	[illegible]		
Fr. Pac. Is. C.F.P. Franc	161.00	Oman Sultanate of (S) Rial Omani	[illegible]	Yemen Ryal	[illegible]
Gabon C.F.A. Franc	443	Pakistan Pakistan Rupee	[illegible]	Yugoslavia New Y Dinar	[illegible]
Gambia (S) Dalasi	[illegible]	Panama Balboa	2.1920	Zaire Rp. Zaire	[illegible]
Germany (East) Ostmark	[illegible]	Papua N.G. (S) Aust. Dollar	[illegible]	Zambia (S) Kwacha	[illegible]

♦ That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.
♦ Rupees per pound. Tourists visiting Sri Lanka receive a premium of 45 per cent.
♦♦ A decimal currency for the dollar, equal to 10 Rhodesian shillings was introduced by the independent regime on February 17, 1970. Recent reports suggest a rate of about [illegible] Rh. dollars to £1.
♦ The Ouguiya has replaced the CFA franc. The exchange was made at a rate of CFA Frs.5 to one unit of the new currency.

(a) General rate: oil and iron exports 8.21.
(b) The Mongolian Tugrik has lately been reported to stand at an official commercial rate of 4.223 Russian roubles, the North Vietnam dong at 0.309 roubles, and the North Korean won at 0.493 roubles. With the pound standing at [illegible] roubles, the following relationships could be calculated for the pound: [illegible]
♥ Information not available for this edition.
* Rate is the Transfer market (controlled).

Imperial Typewriter proposals awaited

BY LORNE BARLING

THE GOVERNMENT is awaiting new proposals which may lead to the resumption of work at the Imperial Typewriter factory at Hull where more than 70 workers have been sitting-in since its closure in February

It is understood that an as yet *un-named American company* is willing to back the venture in the manufacture of typewriters, business machinery and carpet tufting machines, depending on the level of Government support.

Discussions have already taken place between representatives of the Transport and General Workers' Union and officials at the Department of Industry, who are now awaiting more concrete proposals.

Litton Industries, American owners of the two factories—the second of which is in Leicester—has so far not been involved in the negotiations, although the company is obviously anxious to end the present stalemate.

A TGWU negotiator was due back from the U.S. yesterday with a report on discussions with the company—"an international manufacturer of office equipment."

Mr. David Cairns, Humberside regional officer of the union, said that if the negotiations succeed, the new company would be known as New Harmony. The workers would have a 51 per cent. shareholding and could go into production by the end of the year.

More than 3,000 people at the two factories lost their jobs as a result of the closure and the Hull factory has been occupied by workers since then.

One car in 15 will use N. Sea oil by January

ONE BRITISH CAR in 15 could be using blended North Sea petrol by the end of the year, a BP spokesman said last night, only 24 hours after the final production platform was positioned in the company's Forties Field, 100 miles off Aberdeen.

BP's oil producing project will have cost £750m. by the time oil is in full flow. Yesterday oilmen took advantage of settled weather to press ahead with the building of the rigs which will drill over 100 wells to put the Forties Field into full production by 1980.

Oil will come in increasing quantities from the North Sea by November. It is estimated that one car in seven will be using the blended North Sea petrol by late summer next year and one in four by the summer of 1977.

It is unlikely that North Sea oil alone will be turned into petrol—it will be blended with Middle East oil because the British oil is of such high quality that it will be especially valuable for the petro-chemical industry.

In two years, Forties field alone will be producing 25 per cent. of the total U.K. demand and at the same time will make a significant contribution to the balance of payments.

The rate at which BP planned to produce crude oil from the North Sea by the end of this year would equal 2½ per cent. of present oil consumption. That would be enough to provide fuel for about 400,000 cars.

The spokesman added: "None of the users—including the motorist—will be able to tell from the performance of their engines or indeed from the appearance of the fuel that it is from the North Sea."

When the Forties field is in full production, BP may prospect in the neighbouring Andrew field—about 40 miles nearer Norway—and if oil was found there it would be possible to pipe it to Scotland on the Forties system.

BP added: "Once we get some oil going and a cash flow running we shall sit back and have a look at other areas."

اهكذا من الاحل

Introducing the new Ford Escort POPULAR

With all it's got it deserves to be

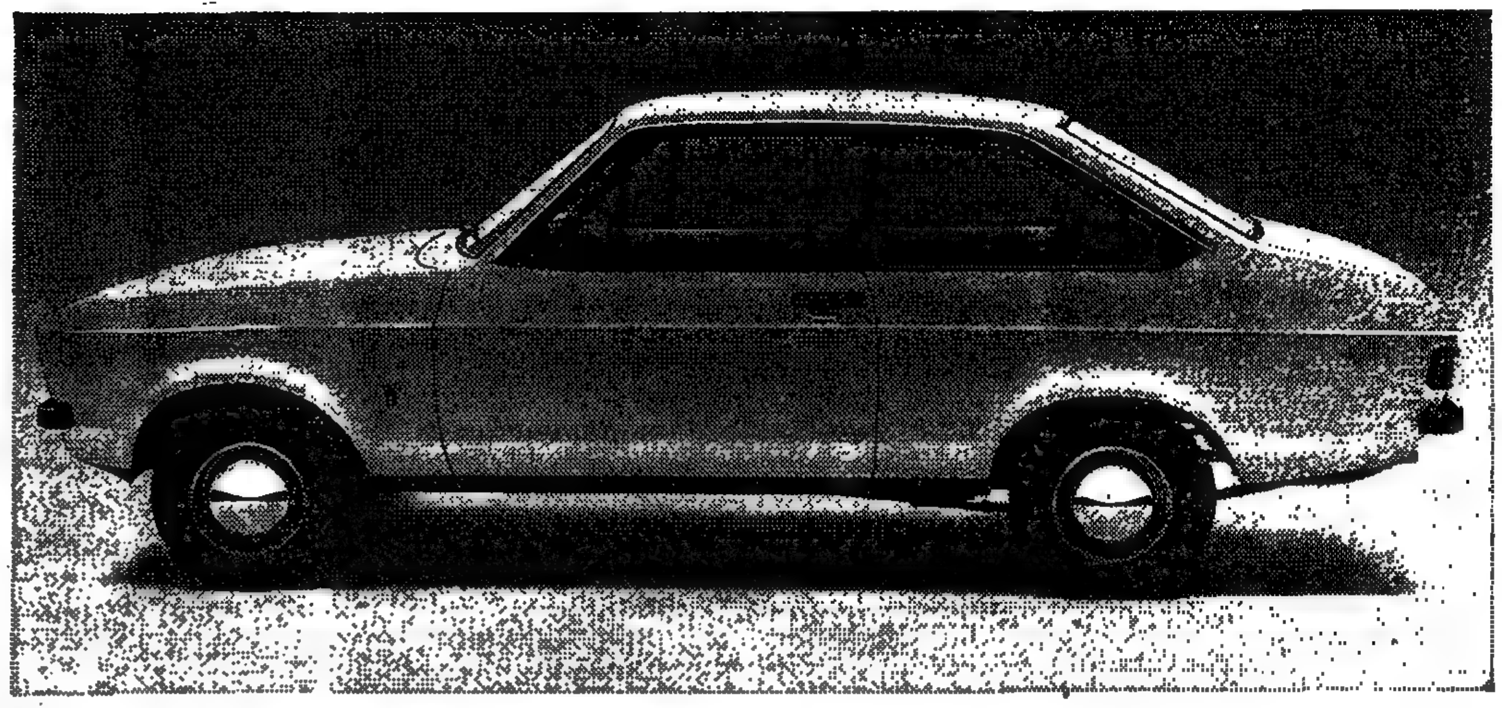
£1299*–less than a Mini 1000

Ford introduce a brilliant new car specially designed to cope with the high costs of today's motoring.

It's the new Ford Escort Popular. And it's priced at £1299* which is less than a Mini 1000. But there the resemblance ends.

The Popular is no pocket edition but a full-size well appointed Escort model – with all the durability and rally-bred success that has made the Escort the biggest selling car in Britain and the Common Market.

Just look at what's included in the basic price. Alternator, dual-line brakes, Aeroflow facelevel ventilation, slide mounted ergonomically designed seats, illuminated heater controls, electric screen washers, 2-speed wipers, 2-speed heater-blower, luggage compartment mat, drivers package tray. And much more.



And a new elegance is added to this attractive car by a distinctive black exterior finish to window surrounds, door handles, locks and badges, plus durable black epoxy coated bumpers.

Seats 5–Big 10 cu ft boot

There's lots of room, enough for mum and dad comfortably in front and three kids on the rear seat. Bags of luggage room too – you've got a big 10 cu ft boot, big as some cars that take a lot more room to park.

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Ford engineers have included a new economy carburettor that results in an average petrol consumption of 44 mpg†.

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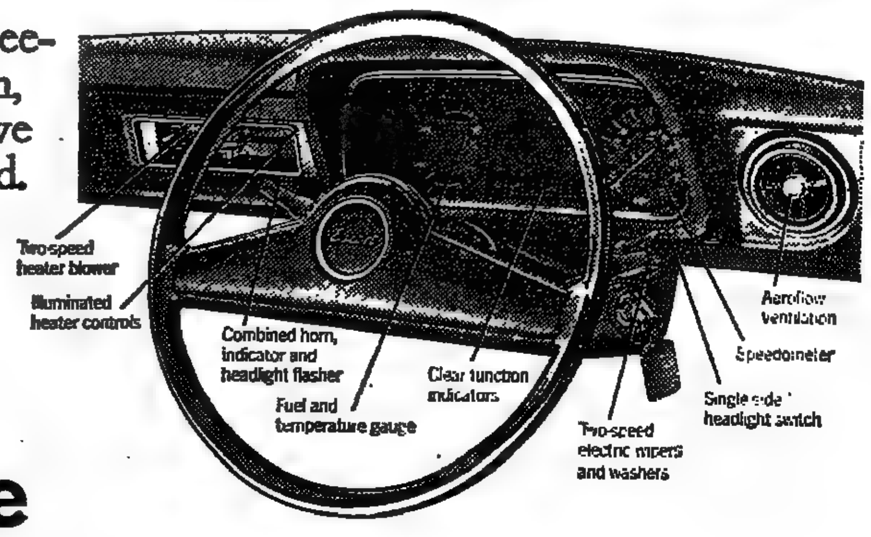
We've also included see-at-a-glance instrumentation, so smart and comprehensive that it won a Design Award. Together with all the controls a driver needs on easy to operate stalks.



Try the economy drive

Ford engineering gives you a car that's designed for easy servicing and maintenance. Engine layout is simple, that's what you need these days.

All this for £1299*. And 44 mpg† to boot. And the backing of the best dealer organisation in Europe. That really is an economy drive! Now get your Ford dealer to give you a trial run. You won't believe a car so smooth and comfortable could cost so little.

FORD ESCORT POPULAR Ford

The economy drive

*Maximum Price, Car Tax and V.A.T. included. Delivery, seat belts and number plates at extra cost.

†Ford computed touring figure.
Autocar test drivers returned a consumption of 54.6 mpg, over a 154 mile cross country test route at speeds of up to 50 mph.

Elinor Goodman reports on a price review system which we may copy

The woman behind Canada's efforts to bring down food prices

TO CANADIAN housewives facing what they regard as an alarming rate of inflation, the news that some foreign governments regard the Canadian Food Prices Review Board as worthy of study is rather a surprise. Certainly the public *admires the Board's very positive* chairman, Mrs. Beryl Plumptré, for the way in which she has done battle with Government in the past, but it is sceptical of her ability to do anything to curb inflation.

The Canadians have no price controls as such, and to use Mrs. Plumptré's *own words*, all she can do is "stand up and shout."

Yet when Mrs. Shirley Williams, Britain's Secretary for Prices, returned from Canada earlier this year, she said that she was most impressed by the Canadian Board's work and intimated that she would *like to incorporate some* of its features into the British system of price controls when the present legislation runs out next year.

Causes

Canada's rate of inflation is only running at about half the British rate, but not even Mrs. Plumptré's most fervent *admirers* would claim that the lower level of inflation was the outcome of her efforts. What her supporters do say, however, is *that Mrs.* Plumptré and her Board have done much to educate the public about the causes of inflation; in some cases possibly they have helped to make shoppers more sceptical of the reasons given by producers for price rises.

The Board was set up in May 1973 on the recommendation of a Government committee established to consider what to do about the deteriorating food price situation. It was given no real weapons in its *armoury except the power to* publicise any evils it found. Its remit was the food industry in the broadest possible sense and this has taken it during the last two years into such diverse fields as potato production, food nutrition and contribution of advertising costs to food price rises.

It was, as one Canadian observer says, "a kind of bastard British Price Commission with no teeth" and without the chairmanship of Mrs. Plumtré it would probably have disappeared without more than the occasional quarterly report.

A woman who appears to thrive on the media, and who is prepared to make public statements on virtually every *issue, concerning food* prices, she is about as different from Sir Arthur Cockfield, chairman of the British Price Commission, as can be imagined. Recently, for example, she stepped into the highly controversial dispute over shopworkers' wages in British Columbia and bluntly told the unions that their demands were inflationary.

The Board's mandate, laid down in 1973, was threefold. It was required to monitor trends in food prices and publish the results every three months, to inquire into the causes of specific rises and thirdly to examine price increases in par*ticular commodities* where these appeared to be "unreasonable." Later a fourth area was added to its brief: to look at long-term considerations affecting Canada's food policy.

When the Board was set up, it was thought by many that it would be no more than a smoke-screen for the Government to hide behind and, at best, it would be able to identify some real villains in the food industry. *In the event, the Food* Prices Review Board backfired on the Government in so far as the Government itself came in for as much criticism as private industry and the hunt *for "villains"* was generally a failure. The Board did find some price rises unjustified but it also found no real evidence of widespread profiteering.

Similar

In some respects the Board's work is similar to that done by the Price Commission in Britain. The quarterly reports, *for example, have many topics* in common with the Commission's reports. One of Mrs. Plumptré's earlier reports, for example, was on the bread industry, while last September the Board was examining the sugar supply situation. But in other respects the Board's work goes far beyond the Price Commission's investigations. This is due in part to the major role of farming in the Canadian economy; agriculture is seen by consumers as being part of the food industry. Thus the Board's inquiries have taken it right to the farm gate. (The Price Commission's studies have taken it into food production to some extent but by no means as far as the Food Price Review Board which takes into account such factors as subsidies paid to farmers and the level of concentrate feeds in dairy feeding).

It has been in some of these producer-oriented surveys that the *Board has had its biggest* disputes with the Government. In January last year, for example, the Board decided to look at the egg market following big rises in prices. With the help of the media, the Board discovered that 28m. eggs were rotting in storage containers in an attempt to keep the prices artificially high. Mrs. Plumptré called for the total reorganisation of the egg marketing *system and an immediate* cut in prices, only to be accused by a Government official of getting her facts wrong and that her actions were a "dangerous form of anarchy"—a criticism which led to an angry reply from Mrs. Plumptré and to further demands for an inquiry. Soon after a Special Parliamentary Committee was set up: it not only endorsed the Board's prices but went much further in recommending changes in the marketing system. The Minister, in his turn, agreed that the industry was in a mess.

But though Mrs. Plumptré's arguments with the Government have attracted a lot of publicity, it is probably the Board's report on nutrition which has been the most widely read. For a country like Canada which prides itself on its affluence, it was a shock to people to read that a "sizeable proportion of the population was not properly nourished."

The nutrition report also showed that most Canadian families of four were spending nearly a third more on food than was necessary for a nutritious diet and that they could eat better in terms of nutritional content for less money. The nutrition report was accompanied by tables showing how the same basket of food needed to feed a family of four varied across the country.

This idea of comparing food prices throughout the country was modified at one stage to give shoppers an idea of the comparative prices charged at different stores. In April last year the Board looked at prices in 27 stores in the Hull and Ottawa areas and found that prices varied by as much as 17 per cent. The results attracted a lot of publicity and, not surprisingly, the supermarkets at the expensive end of the scale, hurriedly reduced their prices. When the same test was carried out five weeks later, the price *differential* had been reduced to 5 per cent.

Tests

The Board considered extending the tests on a national basis but decided against it on the grounds that the publicity about the higher price charged by independent shops might well kill off the smaller trader. In *Britain, however, Mrs. Williams* has already instigated a number of similar checks and is anxious that the scheme should be extended to most large towns.

Given the essentially voluntary nature of the Food Prices Review Board's powers, it is difficult to see what other aspects of the Board's work could be usefully incorporated into the British system without a major change in the Price Commission's role. But Mrs. Williams is obviously anxious to improve the public's understanding of inflation and, once the present demand for tighter controls is satisfied, she may well reduce the amount of individual price applications dealt with by the Price Commission and increase its general fact finding work in the field of prices. Since returning from Canada, Mrs. Williams has initiated a number of general inquiries into prices—such as the one about prices charged in outlying shops—but it would be difficult for the Commission to do much more of this type of work without reducing its work-load in other areas.

The Food Prices Review Board, whose own mandate runs out in September, has itself studied the British system of price controls. Published in September of 1973, *its report* stated that "the present system of direct controls on incomes and prices will not endure for long."

WIMBLEDON TENNIS

BY JOHN BARRETT

Miss Wade beaten in a close contest

IT WAS Ladies Day at Wimbledon yesterday as the four quarter final matches held the centre of the stage.

The champion Chris Evert (U.S.A.) came perilously close to defeat at the hands of the big Dutch girl Betty Stove before winning decisively in the end 5—7, 7—5, 6—0.

She will now play five-times former champion Billie Jean King in Wednesday's semi-final. The American who dearly wants to equal or even break Elizabeth Ryan's all time Wimbledon record of 18 titles (all scored in doubles) was too fit, fast and confident for the 26-year-old Russian girl Olga Morozova and won tidily 6—3, 6—3 to avenge defeat by the same player at the same stage last year.

The afternoon began with another British drama on the centre court. For just over two hours Virginia Wade and Evonne Cawley of Australia, champion here in 1971, played a superbly entertaining match. After one of those nail biting finishes we have come to expect from Miss Wade she was eventually worsted 5—7, 6—3, 9—7 and the score indicates what a closely contested battle it was though no bare score line could reflect its quality.

Thus there will be an all-Australian semi-final in the bottom half of the draw to match the all-American affair at the top because close on the heels of Mrs. Cawley's victory the formidable Margaret Court, three times the winner here herself, accounted for the most improved player of 1974, the young Czech girl Martina Navratilova. Mrs. Court won 6—3, 6—4 and looks every inch as she did in her title years and now in full flight again after her return to the game following the birth of her second child last year.

Throughout her career Miss Wade has shown only fleetingly how good she can be. Perhaps her peak was the victory at the U.S. Open in 1968. In those days, and since, she sunk to deep troughs between her peaks but this year particularly she seems to have found a new consistency which must have boosted her confidence. Despite her dreadful patch against Janet Newbury last week she did, after all, finally win and rarely nowadays does she lose to undistinguished players.

Profiting no doubt from the two hard fought victories against Miss Newbury and Rosemary Casals, she struck fine form from the outset yesterday. Racing into a 4-1 lead as Mrs. Cawley projected some loose shots, three times she held points for a 5-1 lead on her own serve. The Australian saved the situation with two forehand winners and, obviously encouraged, she collected three more games to lead 5-4. By this stage there had been no less than six breaks of service.

As at the start, Mrs. Cawley again fell into error as Miss Wade, increasing the pressure at exactly the right moment, scored a run of three games to take the set, finishing it with a forceful game to love.

The second set began anxiously for Miss Wade as the Australian's overhead strength forced some decisive winners. Mrs. Cawley led 2—0, was caught at 2—2 and then broke again to lead 4—2. Here in the very heart of the match there were two very close games both of which went against service so that after an hour and 12 minutes Mrs. Cawley had levelled with a safe service game that took the second set 6—3.

What a cliff hanger the final set proved to be. Service games were lost at 1—1 and 3—3. It was the English girl who survived the first crisis as she held her serve to go 5—4 ahead despite the four break points Mrs. Cawley had held. Any thoughts that the match might end quickly were dispelled as Mrs. Cawley advanced to 40—love on her own service and duly levelled. Increasingly Miss Wade was put under pressure by some wide returns that had her stretching to her limits. At

Virginia Wade in play on the Centre Court at Wimbledon yesterday

5—5, 15—30 Miss Wade survived another crisis with a half volley of the highest quality.

Torture again for her supporters as Miss Wade crept to within two points of victory in the 12th game.

The break finally came at 7—7 as two Wade errors and two Cawley winners cost the British girl her serve. Although Miss Wade saved one match point with a net cord it was a big serve from the Australian which clinched matters to end a quarter final that had always been entertaining and, at times, of the highest class.

There was nearly a sensation on Court 1 as Miss Stove, hitting courageously for her winners and refusing to be drawn into long rallies, snatched Miss Evert's serve in the 11th game of the opening set after two previous service breaks, one apiece, that gave her a 6—5 lead.

The second set looked as if it would fall to the American quickly as she moved to 5—2 with a single break of serve in the sixth game. However, three consecutive games to the Dutch girl brought her to 5—5. It was at this moment that belief died within Miss Stove—she really seemed to believe that her destiny was to be defeated for she projected two sloppy double faults to put herself 15—30 behind, watched an American winner speed by and then conceded the set with a backhand error that fell yards beyond the base line.

By now defeat was clearly uppermost in her mind and she allowed Miss Evert to add six consecutive games to the two she had won at the end of the second set to complete a victory that looked one-sided but had so nearly ended the hopes of Miss Evert to retain her title.

APPOINTMENTS WANTED

GOURMET

OFFICIAL NOTICES

OFFICIAL NOTICE

The loss has been reported to us of two Warrants, details as under, and we have been requested to issue duplicate Warrants.

No. 162384—1-113—113 Drums Silicon Metal—24,880 kilos.

No. 162385—114-228—115 Drums Silicon Metal—25,140 kilos.

Anyone claiming to be entitled to these goods is invited to enter protest by means of Summons against the delivery of the goods or the issue of duplicate Warrants.

C. STEINWEG (HANDELSVEEM) B.V.
P.O. Box 1068.
Willemskade 20,
Rotterdam.

PERSONAL

COMPANY NOTICES

BEARER OPTIONS WARRANTS
for
The Rio Tinto-Zinc Corporation Limited
issued by
Caribbean Depositary Company N.V.
(Curacao, Netherlands Antilles)

In accordance with the terms of the Deposit Agreement dated 10th April 1965 notice is given by the undersigned, as Depositary under said Agreement, that the subscription price at which holders of Bearer Option Warrants are entitled to subscribe for Ordinary Shares of 25p each of The Rio Tinto-Zinc Corporation Limited has been adjusted from 387p per share to 378p per share.

The adjustment has been made under the terms of the Option Agreement dated 10th April 1969 in connection with the 1 for 8 rights issue of 27,706,928 Ordinary Shares of 25p each of The Rio Tinto-Zinc Corporation Limited at 125p per share in March 1975.

Amsterdam,
19th June, 1975.
Pierson, Heldring & Pierson
as Agent of
Caribbean Depositary Company N.V.

BEARER DEPOSITARY RECEIPTS representing preferred stock of BAXTER/TRAVENOL International Capital Corporation 1st series convertible preferred stock

A distribution of $0.155 per depositary share, less any applicable taxes depending on the presentor's country of residence will be payable on and after July 22 1975 upon presentation of coupon No. 7 at the office of any of the following depositaries:

MORGAN GUARANTY TRUST CY OF NEW YORK:
NEW YORK, 23 Wall Street (ADR Section)
Brussels, 35, avenue des Arts
London, 33 Lombard Street
Paris, 14, Place Vendôme
Frankfurt, Bockenheimer, Landstrasse 8
BANCA MORGAN VONWILLER S.p.A.:
Via Armorari, 14, Milan
Via Boncompagni, 27, Rome
BANK MEES & HOPE N.V.:
Herengracht 548, Amsterdam
KREDIETBANK S.A.L.:
37 rue Notre Dame, Luxembourg

D. & J. FOWLER LIMITED

NOTICE IS HEREBY GIVEN that the Preference Share Transfer Register will be closed from 23rd July to 1st August 1975, both dates inclusive, for the preparation of dividend warrants.

By Order of the Board
L. J. PLUMB,
London Representative.
329-333 High Street,
Stratford,
London E15 2TF.

Government of Southern Rhodesia 4½ Per Cent. Stock 1987/92

The Standard Bank Limited and B. C. J. Richards, Esq., C.M.G., state that an amount due to them, in their capacity as Trustees of the Sinking Fund of the above-mentioned Stock, in respect of the annual Sinking Fund contribution has not been received. The terms of issue provide for an annual payment before the close of the Southern Rhodesian financial year on the 30th June.

ART GALLERIES

CONCERTS

COMPANY NOTICES

GOLD FIELDS GROUP

DECLARATION OF DIVIDENDS AND REDEMPTION OF LOAN STOCK

UNITED KINGDOM CURRENCY EQUIVALENTS

In accordance with the Standard Conditions relating to the payment of the dividends and redemption of loan stock declared by the undermentioned companies on 10th June, 1975, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of R1.589147 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 30th June, 1975, as advised by the companies' South African bankers.

The United Kingdom currency equivalents of the dividends and redemption of loan stock are therefore as follows:—

Name of Company (Each incorporated in the Republic of South Africa)	Dividend No.	Redemption No.	Amount per share	Amount per combined unit
Doornfontein Gold Mining Company Limited	37		37.75610p	
Kloof Gold Mining Company Limited	11		18.87805p	
Libanon Gold Mining Company Limited	49		37.75610p	
Venterspost Gold Mining Company Limited	71		18.87805p	
Vlakfontein Gold Mining Company Limited	64		6.29268p	
West Driefontein Gold Mining Company Limited	45		173.04881p	
East Driefontein Gold Mining Company Limited			18.87805p	
Ordinary shares	4			
Combined units				18.87805p
Loan stock redemption		4		15.73171p
"A" shares	1			3.14634p

LONDON OFFICE:
49 Moorgate, EC2R 6BQ.

UNITED KINGDOM REGISTRAR:
Lloyds Bank Limited,
Registrar's Department,
The Causeway,
Goring-by-Sea,
Worthing,
West Sussex, BN12 6DA.
30th June, 1975.

By order of the Boards,
C. E. WENNER,
H. J. GREEN,
Joint London Secretaries.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSING

Molten metal pipes protected

HEAVY METALS such as bismuth, lead, tin and alloys of these metals have a high thermal *conductivity in the molten state* and are suitable for many processes where heat must be exchanged at high temperatures. Among possible applications they can be used as cooling liquids or as a heat-conducting intermediate layer in heat exchangers.

In practice, the molten metal *is often contained in a vessel of* austenitic steel, this having the best mechanical properties at temperatures above 600 degrees C. A disadvantage of this type of steel, however, is that it is very prone to corrosion when in contact with the above-mentioned molten metals.

A research team at Eindhoven Laboratories has succeeded in treating the steel and the *molten metal in such a way that* corrosion no longer occurs when molten lead or said alloys are used at temperatures up to 1,000 degrees C.

The steel is covered with a protective coating of zirconium nitride. This film is produced by immersing steel, which already *contains a certain quantity of* nitrogen, in a bath of molten lead embodying some zirconium.

If the steel used happens not to contain nitrogen it should be treated with nitrogen beforehand.

In the bath, a reaction occurs between the zirconium and the nitrogen which produces an adherent and continuous film of zirconium nitride and seals off the surface completely.

Some solid zirconium is also added to the molten metal used for the heat transport. In this way the molten metal remains saturated with zirconium and the zirconium nitride layer is continually renewed during the heat transport process.

The results achieved are in laboratory experiments; they do not necessarily imply a follow-up in production or marketing.

Philips Research Laboratories, Eindhoven, The Netherlands. Research team—J. K. P. Bierman, B. Lynch and W. M. van de Wijgert.

Protective coating

EQUIPMENT FOR use in aggressive environments, such as pickle and plating shops, and marine applications, can be protected from corrosion with a surface treatment called Vita-Coate, based on Du Pont's Viton polymer.

It is claimed to retain its mechanical properties at temperatures up to *230 deg. C.*, and to resist swelling caused by hot lubricating oils or solvents. The coating is said to form a tough adherent bond giving high abrasion resistance, and protection against corrosion by acids and alkalis. It is intended for use on pipes, valves, fittings, tanks, instruments *and electronic* assemblies.

The coating, which uses an accelerator, is supplied for brush or spray application by Corrosion Control, Liberta House, Sandhurst, GU17 8JR (0252 876123). This company also provides a coating service for small com*ponents, and on site for large* installations requiring protection. A one-litre can, costing £14, will cover 3 square metres with a 1mm. thick film. A 250 ml sample is available for £3.

Fusion unit for boards

THE POROUS tin-lead electroplated on to the copper tracks of printed circuit boards in the *early stages of manufacture can* be fused into place with an infra*red system made by Glo-Quartz* Ovens in the U.S. and available in the U.K. from Dage Intersem.

A strong intermetallic bond is produced which greatly increases the shelf life of the boards, eliminates solder slivers and provides a good method of checking quality and solderability. Use of *the process is considered by the* maker to be superior to proceeding straight to component insertion and subsequent wave or flow soldering.

A flux applicator is followed by a pre-heater section, fusion area and cooling section. A direct drive conveyor system is used, the speed of which is accurately controlled from a console that can be integral or remote. Also controlled from the *console are pre-heat and fusion* temperatures.

Double sided boards up to 24 inches wide can be fused depend*ing on the model used. Overall* length of the system is nine feet.

Conveyor speeds up to 28 feet/minute can be achieved, and optional spray wash cleaning and air blade drying is available. *Dage* is at Haywood House, Pinner, Middx. (01-868 0024).

Digital acidity meter

THREE pH meters introduced by Beckman-RIIC utilise a digital display with "exceptionally clear read-out."

Basic unit 3500 has manual or auto temperature compensation from zero to 100 deg C, zero to 14 pH range (readable to 0.01 pH) and calibrated slope *control. Additional features on* the enhanced model 3550 are a temperature read-out to 1 deg C utilising an auto-temperature compensation probe, and automatic standardisation.

Model 4500 has been designed as a research instrument and is expected to be particularly valuable in ion-selective and critical pH determinations.

Operating over the full zero to 14 pH range (reading to 0.001 pH), the unit has coarse and fine standardising controls, push-button millivolt absolute, hold and blank facilities enabling the operator to freeze the *digital reading or eliminate the* last digit if required.

There are five electrode system options available: a normal full range fast response combination; and electrode pair (glass and *reference*); and fluoride, chloride and sodium ion-selective kits. The company is at Eastfield *Industrial Estate, Glenrothes* (0592 771334).

● RESEARCH

Corpuscles removed by magnet

USING A magnet, a research team at the University of Southampton has separated red cells from human blood. It is *believed this is the first time* such a technique has been used.

In preliminary experiments, blood was passed through a *filter consisting of smooth stain*less steel wool set in a magnetic field. The background field magnetised the steel wool and red blood cells were attracted to it because of the iron content of the red blood pigment, haemoglobin. The separated red cells may be washed from the wire when *the field is removed* and present indications are that they suffer no permanent damage.

The technique offers advantages over conventional methods of separation such as centrifuging, and might find application in blood transfusion, kidney transplants and cell research, says the research team, which consists of Dr. D. Melville, Physics Department, and Dr. S. Roath and Mr. F. Paul of the Medical School.

University of Southampton, Highfield, Southampton S09 5NH (0703 559122).

Fast counter

A new automatic white blood cell differential counter will be exhibited at the International Haematology Congress, August 24-28, at the Royal Festival Hall, London.

Called LARC (Leukocyte Automatic Recognition Counter), the system is claimed to do a complete 100 white blood cell differential count in about 60 seconds. All *six types of normal* white cells are located, classified and recorded for a pre-selected count of 100 to 1,000 cells. Obvious artefacts are discarded and the locations of questionable cells are memorised by the instrument for closer examination by the operator after the count.

The operator can monitor the operation on the central console TV screen, or take a detailed view through the *binocular* microscope. This allows the operator to check red blood cell morphology and do platelet estimations. When the LARC computer reaches the prescribed number of cells, it stops automatically and displays the results on a digital panel.

To review any atypical cells, the operator pushes a button to get an "instant replay" of each abnormal item. Pushing another button gives a *complete printed* record of the count on a standard haematology card.

The company will also be showing the *slide preparation* units which are integral parts of the system. The slide spinner distributes a uniform monolayer of cells across the entire slide so that any part can be used for the count. Ruptured cells are said to be minimised and the red blood cell morphology preserved. The slide stainer uses the flotation technique to ensure reproducible staining at a consistently high standard.

Corning Evans Electroselenium, Halstead, Essex C09 2DX (078 74 2461).

● INSTRUMENTS

Heat sensed from afar

A NEW technique has been developed at Mullard Research Laboratories for making aspheric germanium lenses. These are used in detector systems for identifying distant objects by temperature difference.

They can operate equally well in daylight or total darkness, and they are effective in conditions of poor visibility or when the target being viewed is camouflaged. For example, the tyres and exhaust of a recently used vehicle can be detected as can a human face, at a range of several hundred metres.

An additional advantage of aspheric lenses compared with the usual sperically profiled lens configurations is that the required high performance can be obtained with fewer lens elements. This makes possible the design of smaller and lighter infra-red equipment.

Mr. H. Howden, senior engineer, and Mr. J. A. Clarke, optical designer, at the laboratories are currently processing high resolution single-element lenses up to 150 mm diameter from germanium crystals. These lenses will be used in prototype infra-red detectors now under development by associated pro*duct groups.*

Mullard, Torrington Place, London, W.C.1. (01-580 6633.)

● ELECTRONICS

Liquid crystal

A HIGH contrast liquid crystal display available in either reflective or transmissive version *has been put on the market* by Hamlin Electronics, 14 New Road, Southampton, Hants (0703 32832).

Operating between 10 and 3- V ac. 16 to 150 Hz, the unit has an overall character height of one inch and consumes about 2.25 W. Turn-on time is 150 ms, *turn-off 50 ms.*

Reflective versions have silver coloured characters, the transmissive characters being white on a black background. Each type has 16 segments, and the displays are designed to be mounted side by side.

High grade micromotors

SMALL SIZED precision dc servo-motors of improved performance have been introduced by Portescap (U.K.), 204, Elgar Road, Reading RG2 0DD (0734 861378).

*The two models, 23D21-216 and 213 have a mechanical time con*stant of only 10 milliseconds, low moment of inertia, high starting torque and small size (23 mm. diameter by 47.5 mm long).

According to Portescap, no other dc motor of comparable size approaches the performance of the 23D series: the linear relationships between voltage, torque and speed as well as the low starting voltage (0.12 and *0.18 respectively*) and high efficiencies (82 and 80 per cent.) make them suitable for servo system applications.

Cylindrical skew-wound coils with a maximum temperature rating of 85 degrees C, and silver alloy nine-segment commutator with gold alloy brushes contribute to high reliability.

● CONSTRUCTION

Veneer can retard fire

FIRE RETARDANCY of a new high standard is provided by a building board developed by Crosby Veneering of Stotfold, Hertfordshire. It does not use conventional, rigid fire-retardant materials but achieves its effects through treatment with chemicals.

It meets the requirements of BS 476 Part 5 and Part 6, which is Class O under the building regulations.

Until now Class O recognition has been confined to board incorporating conventional, rigid incombustible materials such as asbestos and this new departure means that the Crosby veneered board—Flambo—can be used in buildings and public areas where Class O materials are compulsory.

One of the major advantages that the new board has over board manufactured in the conventional way is that of economy. It does not need lipping or cross-veneering. On-site handling is much more flexible, and it can be worked with standard equipment. Because the veneer is treated as an integral part of the board, it is Class O throughout. Treatment used retains the wood's natural appearance and does not interfere with the normal life-span of the wood. Certificates for the board have been issued to Crosby Veneering by an independent Government-approved testing laboratory.

The chemicals used, in the form of colourless liquids, are inorganic fire-retardant salts, which are impregnated by a vacuum process giving complete penetration.

The new board, *in the form of* fully finished veneered panelling in chipboard, blockboard or plywood, is available in a large variety of veneers and in various sizes for most commercial purposes.

Crosby Veneering, Taylors Road, Stotfold, Hitchin, Herts. Hitchin (0462) 730277.

● AGRICULTURE

Eases work down on the farm

A PROTOTYPE two-row potato planter, based on a Swedish design and built by Amac in Holland, is said to combine accuracy with high output. Trials have indicated a potential performance of around three acres/hour with *accurate spacing.*

The machine's one ton hopper, with twin ram hydraulic tipping, is shallow to minimise damage to chitted seed, and twin planting chains keep down the chain running speed. An agitator driven from the land wheels assists the movement of the potatoes towards the cups of the delivery chains, which also have a variable vibrating action to ensure there is only one potato in *each cup.*

In operation the tractor driver gradually tips the hopper so that there is a minimum depth of potatoes near the planting chains, again to keep sprout damage to a minimum.

The machine is for use with 36-inch rows at present—30-inch row units may be available later. *Planting space is from 18 to* 35.3 cm (11.5 to 50 cm with special gear wheels). Planting depth is adjusted by lever and the machine is shifted in and out of work hydraulically.

Introduced to the U.K. is a Danish straw chopper, which fine chops at up to four bales/minute for feeding, bedding, mulching, etc. Because the material is cut—not pulverised as in choppers of the hammer *and screen type—the formation* of dust is greatly reduced. Chopping is by 24 free-swinging knives mounted on a drum running at 1,850 rpm. Chop length is about 3 cm.

Two models are available—a static electrically powered unit and a three-point linkage mounted version, with feederboard and pto shaft with overload clutch and freewheel, operating at 540 or 1,000 rpm. Extension *tubes for blowing the chopped* material into a heap or store or vertically into a loft (maximum height 14 ft. 9 in.) are available.

Potato planter and straw chopper are being marketed by Benedict (Agricultural), 5 Addison Avenue, London W11 4QS (01-603 9748).

For handling big, round bales, Sanderson *(Forklifts)* of Croft, near Skegness, Lincs PE24 4RW (075-482 232), has developed a forklift truck attachment which will pick up and lift them to a height of 20 ft.

The attachment, for Sanderson SB 45, 55 and 75 forklifts, can pivot the bale for end-on stack*ing on lorries or in store.* By replacing the gripper plates with rotating cones (stated to take five minutes) the attachment will unroll the bale *for feeding or* bedding.

All operations are hydraulically controlled. The system will handle bales upwards of 5 feet 6 inches long, 4 feet to 6 feet diameter, and weighing 7 cwt to 15 cwt.

Another attachment, suitable *for the SB 55 and 75 forklifts, is* a digger unit with complete side shifting movement through a 182 degree arc. Known as the *FLE 182, it can be attached or* removed from the forklift in about 10 minutes. There is a range of buckets available from a 12-inch trenching bucket to a 60-inch ditch maintenance bucket.

● HANDLING

Water will take the weight

THE RECENTLY formed heavy lifting division of Greenham Plant Hire has decided to use *Air Cushion Equipment's* "water skate" system for some of its contracts.

The system involves a flexible *skirt which is designed to retain* water, pumped in under pressure, while allowing sufficient water to escape to lubricate the surfaces between the skirt and the ground.

Object of the "water skate" is to move heavy loads with little effort over terrain which does not need much preparation. This is achieved by operating the system over lengths of rubber impregnated fabric sheets which act as a runway, preventing the ground being scoured from under the skate.

Can project materials

THROWER UNITS which can stockpile granular materials with *densities up to 120 lb/cubic foot* have been developed by Crone and Taylor, Sutton Oak, St. Helens, Merseyside (0774 20021).

Compared *with mobile stacker* conveyors handling material with a degree of cohesion, the throwers are said to cost up to 40 per cent. less and to be controlled easily by one man.

In operation, centrifugal force compresses the material, discharging it in a flat solid stream which disintegrates at maximum range. The thrower can handle any material which when squeezed in the hand retains the compressed shape, such as raw sugar, *fish meal, damp salt* and sand.

Lumps up to three inches can pass through easily, and will be projected between 70 and 80 feet. Length and height of throw can be adjusted. In a low warehouse, deflector plates *can be suspended from the roof.* Drive can be electric, hydraulic, compressed air, or diesel. Depending on belt widths and materials processed, feed capacities from 50 to 750 tonnes/hour can be achieved.

Trailers for bins

A RANGE of self-loading trailers designed to handle a variety of pallets, bins, boxes, etc., has been introduced by Weeks Trailers, Ferry Road, Hessle, North Humberside (0482 642171).

The system enables a load to be picked up or placed on the ground without the tractor driver leaving his seat. The design gives a parallel lift, so *that high loads can be carried,* and loads do not have to be secured.

The first model has a 5-tonne *capacity and has been tested* on two fruit farms where, it is claimed, its use has reduced the tractor fleet by 50 per cent. It will be exhibited at the Royal Show this week.

● MATERIALS

Protecting steel

A NOVEL method of protecting shipments of steel plate from *salt spray should they be carried* as deck cargo has been introduced by steel merchants W. G. Readman (Preston), Ribbleton *Lane, Preston,* Lancashire PR1 5LR.

Instead of packing steel plate for export in the conventional way, the edges of the packs are covered in wax paper which is then brush-coated with Isoclad produced by Liquid Plastics, *Preston (0772 59781). Properly* applied, this forms a thick, flexible membrane which stretches like elastic over the wax paper, providing an anti-corrosive cladding.

Beds for machinery

TWO-PART epoxy cold-casting grout for bedding heavy machinery *on to solid or framed* structural foundations is available from Structoplast, part of the Building Products Division of the Bridgwater Group.

High compressive strength and creep characteristics make it suitable for the support of heavy machinery producing both *reciprocating and rotational* forces where alignment must be maintained to very close tolerances, says the maker. It is approved by Lloyd's Register *of Shipping* and Bureau Veritas for mounting auxiliary marine installations.

Structoplast, Ford Airfield, Ford, near Arundel, West Sussex (Littlehampton 6955).

● PACKAGING

Sealed and perforated on the reel

VERY LARGE gusseted and centre-fold bags *in both shrink* and non-shrink polyethylene film can be produced for pallet wrap application *by an electronic bag* making machine installed at the Darton, Barnsley, plant of BXL Flexible Packaging Division.

Main feature of the machine, called the AB 2000S, is its ability to produce bags sealed and perforated on the reel—making pilferage difficult.

In the AB 2000S the guesseted bags are automatically sealed, cut and stacked. The "2000" denotes maximum working width *of film—2000 mm.—which allows* large bags or sacks two or three across to be produced. Thermal impulse sealing is used, adjustable for film thickness. Alternatively, a number of narrow film rolls can be run simultaneously.

Made by Electronic Hans-Jurgen Gunter, 2800 Bremen 44, Heinz-Kerneck-Strasse 8, Germany, the machine is marketed in the U.K. by *Hamilton Machinery Sales,* 83-89 Uxbridge Road, London W5 (01-567 2053).

Autopack expands

AUTOMATIC filling and weighing specialist Autopack yesterday opened an extension to the company's factory at Malvern, Worcs. This increases the overall factory area to 60,000 square feet and provides additional production and administrative capacity to keep pace with the company's continuing expansion into home and overseas markets.

Completion of the extension coincides with the 40th anniversary of the company's foundation, which now has an annual turnover of about £1m. *About* half of this is in exports, mainly to Europe.

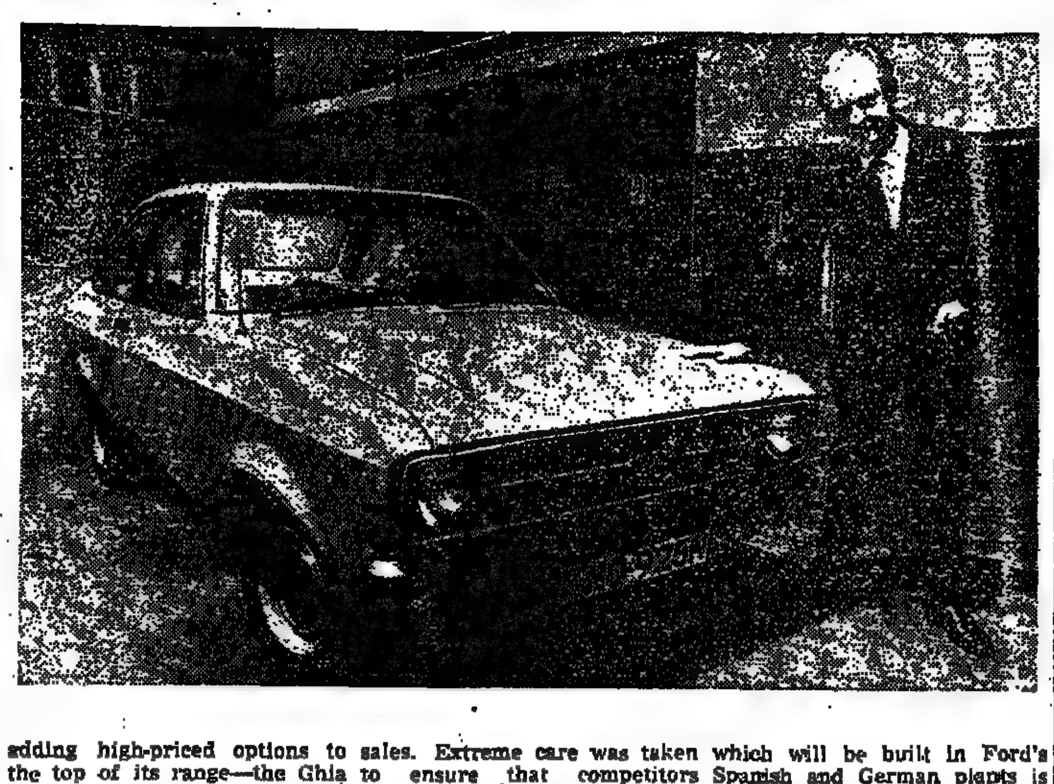
اهكذا من الأجل

The Executive's World

EDITED BY JAMES ENSOR

TERRY BECKETT OF FORD ON THE NEW POPULAR

"The public is not taken in by price offers"



MR. TERRY BECKETT, the managing director of Ford of Britain, has always had a profound belief in the link between value for money and sales. As a graduate of the London School of Economics, he is economically numerate and bases his managerial decisions on masses of research and statistics. The real breakthrough in his career at Ford, which marked him down for rapid promotion, came when as head of product planning, he developed the concepts behind the first Cortina.

The thinking which led to the Cortina—at that time a deliberate advance towards simply styled, uncomplicated cars—has been repeated in to-day's development of the Ford Escort Popular. The Popular, essentially a basic version of the Escort with an economy carburettor, cross-ply tyres and matt black instead of chromium trim, was dreamed up, worked out and ordered very largely by Mr. Beckett himself. He sees it as a conscious return to the philosophy of Ford's original £100 Popular of 1935, or even to the famous Model T: that is building up volume through low price.

"In the month of April, when we actually made this decision," says Beckett, "imports had got up to 38.4 per cent. We decided that with much lower markets and with imports taking this great big share we had really got to do something about it. We came to the conclusion that the anti-dumping case is not a strong one."

Imports

He explains: "We have just got to do something about imports and the prime motivation in what we are doing is strictly against them." Ford has a continuing programme of analysis to discover why people buy cars and Mr. Beckett points out that "it was very clear, looking at the import situation, that is was primarily one of price." In the past year the price advantage which British cars have held on the domestic market over Japanese and European imports has completely reversed. Mr. Beckett uses the analogy of a drawing of light rays passing through a compound microscope, which his daughter is studying as part of a school physics course: the price structure ruling a year ago has completely reversed itself.

"Looking at our cost-price profit structure, we realise that we'd really got problems," he suggests. Mr. Beckett examined the options open to Ford. Imports were scoring primarily at the bottom end of the market, where people have been increasingly trading down to smaller and less powerful cars as prices of cars and petrol have risen, with the cheapest Escort costing from £200 to £400 more than the cheapest Datsun, Fiat, Renault or Citroen, Ford has been missing out on this business.

In recent years, Ford has been much more interested in adding high-priced options to the top of its range—the Ghia and E versions—than in worrying about imports eating away at the bottom. But with demand so weak this year, extensive trading down and the first signs of imports breaking strongly into Ford's traditional preserve, the fleet business, something had to be done to keep the plants operating.

Ford's redundancy programme early in the year, its constant pressure on supplier's margins and its dirve for efficiency in the plants has put it in a better cost position than its British rivals. This provided the opportunity to challenge imports on price with a very basic version of the Popular.

Ford is taking a gamble with the Popular, although Mr. Beckett prefers to regard it as a calculated risk. Reducing the price to £1,299 involves a sacrifice of unit profit by both Ford and its dealers. Dealers with slimmer margins will not be able to offer such attractive trade-in terms. But Beckett regards that as a positive benefit. "The price-cutting, rebates and special hire-purchase schemes introduced by some manufacturers is just not working," he says. "The buying public is not taken in by price offers."

The risk will produce its reward, according to Beckett's calculation, if Escort sales increase by 25 per cent., at the expense of British and foreign competitors. The car, currently Britain's best-seller has held about 7 per cent. of the market and he anticipated that it will increase to about 12 per cent., with the Popular.

"But we only need 10 per cent. for it to work out in financial terms," he calculates. Thus Ford, facing a grim winter and the virtual certainty that sales will be well below capacity for the rest of this year—except for the exceptional August conditions when new registration letters are used—has taken the classic gamble of reducing prices in the hope of expanding sales. Extreme care was taken to ensure that competitors would not get wind of Ford's plan and Mr. Beckett was delighted that Renault, British Leyland and Vauxhall were all putting up prices as Ford gambled on its reduction. The falling value of sterling seems bound to force the price of other imported cars up too in the months ahead.

The real danger of Ford's "Popular" drive is that sales of the basic car will merely replace those of more profitable high specification Escorts and Cortinas. At the same time Ford may regain the image of a "cheap" car manufacturer which it has striven so hard, in recent years, to escape. The desire to raise its image with the public was the main justification for buying the Ghia design studios in Turin and for Ford's extensive and expensive rallying and racing programmes.

Pitfalls

Beckett himself argues that Ford has avoided these pitfalls by marketing a complete and well-finished car. "Some of the things that were considered, such as removing the sun visors, putting in cardboard door panels and even removing the spare wheel would have damaged the image," he says. He doubts whether the British public will buy "a stark motor car or a car that will not pull up hill." So there was a conscious decision not to reduce the engine capacity of the Escort below 1100c.c.

The Ford Escort Popular is, of course, an interim measure. Even at its competitive price, it will not compete at the very bottom of the market, with basic French and Italian imports or with the East European cars which are just beginning to appear in numbers in Britain. Ford will move into this market towards the end of next year, when its small front-wheel drive Bobcat is launched as a direct competitor for the small Fiats and Renaults. But the Bobcat, which will be built in Ford's Spanish and German plants is likely to be offered in Britain as an import.

The opportunities of reducing costs through redesigning the Escort or even bringing in a smaller model are very limited. Beckett says "If we had stripped everything out of the Escort, we would have saved just £20—and we have, in fact, reduced design costs by very little." The alternative strategy, often used on the Continent, of running an obsolescent in tandem with the new as a "loss-leader" was rejected by Ford, because many of the tools used in the previous Escort have been employed for the new one. So Ford could not, as it did twice in the Fifties, dress up an old model as the Ford Popular.

Mr. Beckett's own philosophy is that it is better to produce a reasonably well-equipped car, with a price that can be made economic by large production runs, than to try to design a basic car. He points, with justifiable pride, to the fact that the Escort—in British and Belgian versions—is now Europe's best-selling individual model, having eclipsed the Beetle and Fiat 127.

With a production capacity for 900,000 vehicles on the Continent, and 940,000 in Britain, Ford is in a good position to strike hard bargains with suppliers and to reap the benefits of large-scale production. "If people say that we have an approach a bit like Marks and Spencer, then I will agree," says Mr. Beckett.

Ford is backing Beckett's assumption that what matters to the customer is less design gimmickry, styling, or special offers in the showroom, but solid value for money. So the Popular will be advertised and marketed as a full five seater car with a good boot, available for the price of a Mini 1000. According to all Ford's endless researches and product clinics, the public is going to be delighted.

JAMES ENSOR

Let them eat from cans

BY ART GARCIA in San Francisco

FIVE YEARS AGO, Del Monte Corporation, the world's largest processor of canned foods, spelled out its "directions for growth" in the 1970s, listing first the goal of maintaining its leadership in U.S. canned foods while expanding and strengthening its overseas markets.

In the past five years, Del Monte has elected a new management and set up a decentralised management structure. It has refined and bolstered its marketing, production, financial and administrative functions and expanded its international canning and fresh fruit operations into major profit centres. The San Francisco-based company has always been attentive to its growth abroad, having introduced the Del Monte brand name in Europe in 1897 and to-day selling its products in more than 100 countries.

Now Del Monte says it sees a "significant untapped growth potential" in its international markets and is planning to step up its capital spending to expand into new overseas supply sources, such as Greece. The company has formed a joint venture with the Investment Bank of Greece to build and operate a canning facility to produce tomato products, asparagus and peaches for the Common Market. Limited production is scheduled to begin this year.

Californian peaches going into the can.

Kenya

A $9m. expansion also is nearly complete at Del Monte's pineapple and canning facility in Kenya that will more than double its pineapple production there, which similarly is mostly destined for the Common Market. In Mexico, the company has formed another joint venture to build and operate a small processing plant for bulk tomato paste, primarily for export, and it has consolidated ownership of its formerly 65 per cent. owned Canadian Canners subsidiary.

Del Monte's sales since 1970 have grown at an average rate of 5 per cent. a year. Last year, its international canned food operations accounted for about $215m. in sales. Further evidence the company's directions for growth plan has worked are the average annual earnings increase rate of 22 per cent. and 19 consecutive quarters of profit gains, based on year-to-year comparisons.

On top of its growth in basic businesses, Del Monte plans to expand "considerably" in several other areas, including the food service business—supplying canned foods to hotels, restaurants and institutions—and tuna and seafood. The company began selling frozen seafood only two years ago and now is selling frozen shrimp, crab and salmon in Europe and the U.S. "We think we can double this business in the next 12 months," says James Schmuck, president of Del Monte's U.S. Grocery Product Group. "It's a good business right now, and it's going to get better."

Repeat sales

There are other product lines Del Monte is actively investigating, *each of them offering* growth potential and return on investment at least as attractive as the company's canned food lines, he contends. "But the basic premise is the same," Mr. Schmuck emphasises: "stick to the markets we know best, build on the strength of a fine sales and distribution system, hold fast to the quality standards that build repeat sales and make full use of one of the best damned brand franchises."

That enthusiasm was dampened somewhat by the worldwide recession that has slowed sales in some of Del Monte's major overseas markets and caused a stir in its buying and inventory planning. "We've been through periods of over-supply, economic controls and shortage in recent years, but the current situation is unique in my experience," sighs Mr. Schmuck, reflecting on the fact that most major canned fruits and vegetables were in short supply at the end of the 1973 pack season, based on expected demand.

The 1974 pack season sales started "with a bang," he recalls, and the company enjoyed the biggest influx of orders in its history. Then, beginning in December, Del Monte was hit with something it didn't fully expect as sales volume fell sharply and lower sales continued for another three months. Later studies showed the reduced sales stemmed from severe reduction in trade inventory levels, mostly by supermarket chains.

But the picture began changing in the fourth quarter that ended May 31 and Del Monte started seeing "some solid increases" in sales, Mr. Schmuck says. For the full fiscal year just ended, earnings were an estimated $3.90 to $4 per share, compared with $3.26 netted in fiscal 1974. For the new fiscal year beginning this month, Del Monte's earnings will be "within 5 per cent., plus or minus, 1975's exceptional performance," predicts Richard Ward, the company's group vice-president, finance.

His preliminary estimate is based on the company's present plans and takes into account the current agricultural and economic outlook for the coming year. "Considering the generally gloomy outlook for corporate earnings, I don't think we would apologise for a return on equity of 15 or 16 per cent. this year," says Mr. Ward. Beyond 1976, he expects Del Monte to resume a more normal earnings per share growth rate of about 10 per cent. a year, "based entirely on the momentum and earning power of our existing operations."

Overseas

Much of that optimism is based on the continued comeback of sales overseas. "Business has been soft in the European sector and Japan has been down from what was originally planned, but our marketing people believe the slowdown is about to come to an end," Mr. Ward says. The exception to the overseas fall-off in sales has been Canada, Del Monte's largest single foreign market.

As a staple with a relatively low per-unit cost, sales of canned goods would not seem likely to be hurt badly, even during recessionary times. "Under normal circumstances, that would be correct," he agrees. "But last year we had a tremendous inflation in our costs, not only in domestic production but also in foreign production." Mr. Ward talks of a "domino effect" in the price of petroleum, fertiliser and plastic and cost increases that averaged 35 to 40 per cent. in the U.S. "and probably not far off that in our international areas.

"All of a sudden, when consumers in foreign markets are faced with 35 to 40 per cent. increases in price, that's no longer insignificant," he continues. That's what happened in Europe and Japan, he says, but he notes the signs of recovery, "especially in the United Kingdom, which may be due in part to the high wage increases the people there have been getting."

More labour shake-outs

FURTHER LABOUR shake-outs in industry cannot be long delayed, according to Manpower which shows, in a survey published to-day, that employment prospects for the third quarter, disregarding seasonal factors, have slumped to the lowest level in the nine years of the survey's history.

The comment is based on replies about employment intentions from senior executives in 3,738 companies in 30 industries covering over 1m. employees.

Although there is a marginal rise in the proportions of firms predicting a quarterly rise in employment, it is due solely to the traditional summer recruitment peak, which itself is the weakest for nine years.

The proportion of employers expecting to increase their employment over the ensuing three months at 14.4 per cent. is less than half the level of a year ago when industry was rallying after the three day week. This is because the number of employers in the seasonal industries—soft drink producers, hotels, breweries etc.—that expect to increase labour had fallen from 38.1 per cent. to 20.5 per cent.

There is a marginal drop in the number of firms that expect to decrease their labour forces—from 9.9 per cent. to 9.4 per cent.—but the level still remains nearly twice as high as a year ago and over three times as high as the same time in 1973, a boom year.

Perhaps the most alarming statistic is the proportion of employers indicating "no change" in their labour forces—at 70.7 per cent. it is the highest ever surveyed by Manpower.

ROY LEVINE

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Head Office Editorial & Advertisement Offices:
BRACKEN HOUSE, CANNON STREET, LONDON, EC4P 4BY.
Telephone Day & Night: 01-248 8000. Telegrams: Finantimo, London
Telex: 886341/2, 883897

Birmingham: George House, George Road 021-454 0922 · Dublin: 8 Fitzwilliam Sq. 785321 · Edinburgh: 18 Hanover St. 031-226 4120 · Leeds: Permanent House, The Headrow 0532 454969 · Manchester: Queens House, Queen St. 061-834 9381 · Paris: 36 Rue du Sentier 236.86.01 (editorial) 236.86.01 (business) · Bonn: Pressehaus 11/104 Heussallee 2-10 · Frankfurt: Frankfurt am Main, Im Sachsenlager 13 · Brussels: 39 Rue Ducale 512 9037 · Rome: Via della Mercede 55 678 3314 · New York: 75 Rockefeller Plaza, NY 10019 Editorial—212 541 4625 Business—212 489 8300 · Washington: Second Floor, 1325 E. Street, N.W., Washington D.C. 202 347 8676 · Toronto: 285 Ont. & Charles St. E. 416 921 5575 · Jo'burg: 63 Union Centre East Building, Harrison Street (cnr. Pritchard St.), Johannesburg. 838 7900 · Sydney: 364 Sussex Street (Cnr. Liverpool Street), Box 3888 GPO 2001 · Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku Tel: 241 2920

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TUESDAY, JULY 1, 1975

There is no time left

THE PRECIPITOUS fall in the pound yesterday is not just a measure of the low confidence which the Government has so far inspired in its determination to tackle inflation, but an event which in itself calls for an urgent response. Financial markets do not wait on the leisurely haggling of Ministers, trade union leaders and other seekers after consensus. They generate a momentum of their own: and it would not take many more days like yesterday to establish a depreciation which would guarantee that domestic price increases—which is what voters and trade unionists mean when they say "inflation"—cannot be checked for many months to come. For the Prime Minister to talk of "refusing to be panicked" in these circumstances is as sensible as for a householder to talk of calm when he smells smoke. There is a time for immobile dignity and a time for determined action.

Simple problems

There is no occasion for panic, for there is no impenetrable mystery about what needs to be done. Our economic problems are for once starkly simple. There is no undue pressure on domestic resources, and the balance of payments, as Ministers are so frequently proclaiming, has improved beyond expectation. We are clearly and simply in the grip of a wage-cost spiral which is eating up the funds which might go to investment, wrecking the finances of the public sector, and debauching the currency. No consensus can stop this process without determined Government action: sufficient determination by the Government, on the other hand, would greatly improve the chances of obtaining such consensus as is needed to adapt to *Government policy*.

What is needed first of all, and within days, not weeks, is an unshakable Government commitment to a greatly reduced rate of inflation. There is room for debate about how great the reduction should be—whether the aim should be to eliminate inflation in two years, or twelve months, or less. The main point at issue here is the size of the temporary cut in real incomes involved while prices catch up with past cost increases The sharper the deceleration, the sharper and shorter the cut.

The Chancellor has suggested an aim of halving the inflation rate within a year; most people would accept that. What this involves in Government action is a translation of all Government-controlled spending programmes into hard cash in line with this commitment. This means not only laying down rigid cost limits, but constraining the volume of spending within these limits so that public sector borrowing and the money supply can also be *controlled consistently with the* central objectives. In a suitable monetary environment any restraint on the private sector should be largely redundant, and it would in any case have to be backed by a clear undertaking that there would be no nationalisation or other publicly-financed refuge for any companies caught in the machinery. That is what is entailed in an immutable commitment: it means that all other objectives yield to it.

Such a commitment need not in the least stand in the way *of consent or consensus*. On the contrary, only a commitment to increasingly honest money can provide meaningful numbers with which to bargain. Only then is it possible to discuss the issues of rich versus poor, consumption versus investment.

Firm commitment

Everything would still remain to be said in favour of discussions with the trade unions and employers, and of exploiting and enlarging the realism which has recently begun to appear in the thoughts and proposals of Mr. Jones and Mr. Murray. Given a definite commitment to limit monetary growth, that sense would become more persuasive: for with known figures for Government deficit and the money supply, and a narrow likely range for national income in money, it is evident that lower prices would mean a greater volume market, lower wage increases more jobs. Equally in the foreign exchange market, an objective measure would be established against which to *judge the exchange rate*. All possibilities of agreement and stability, however, hinge on one thing: a conviction of the Government's own determination to do what is necessary, without compromise, and starting now. The country requires a display not of seemingly endless willingness to talk, but of firm resolution to act.

Troubled prospects in Argentina

THE NEWS from Argentina is not encouraging. For the first time in the thirty year history of the Peronist movement the CGT trade union confederation has moved against a Peronist Government. By its strike action last week, which may well be extended this week, the CGT—which the late General Perón used to call the "vertebral column" of the Peronist movement—has moved into a position of open confrontation with *the authority of President Maria Estela Peron*.

Allegiance

In the year since she took over the reins of government from her dead husband, President Peron has alienated much trade union support despite the *declarations of allegiance that* many senior trade unions leaders made to her cause. Her action at the week-end of vetoing many of the wage increases that the unions had won in the past weeks was particularly unpopular. It came at a time when the massive devaluation of the peso was triggering off big increases in the cost of living. It marked the latest stage in a process which one distinguished Buenos Aires commentator has described as the transformation of a left-wing populist government into a right-wing populist government.

Unluckily for her, the measures may not win her the continued support of the more conservative forces in Argentina. While they understand the reasons for the imposition of a classical policy of wage restraint to counter a situation of fierce inflation, many conservatives have been unhappy at the way in which she has been conducting her government.

Many conservatives have, rightly or wrongly, echoed the complaints of the left that she had been surrounding herself with a small close-knit group of advisers whose actions were often questionable.

The minister of social welfare, Sr. José Lopez Rega, has been the target of many criticisms which might in his absence have been directed at her. His action in supporting the growth of a schismatic Church in Argentina has alienated the Catholic hierarchy, always a dangerous risk to run in that country. Additionally as a man with a background of service in the police his relations with the army, navy air air force have not always been of the best. The leaders of organised labour have been jealous of his close relationship to the President while the left has suspected him of involvement with suspect groups of the far right.

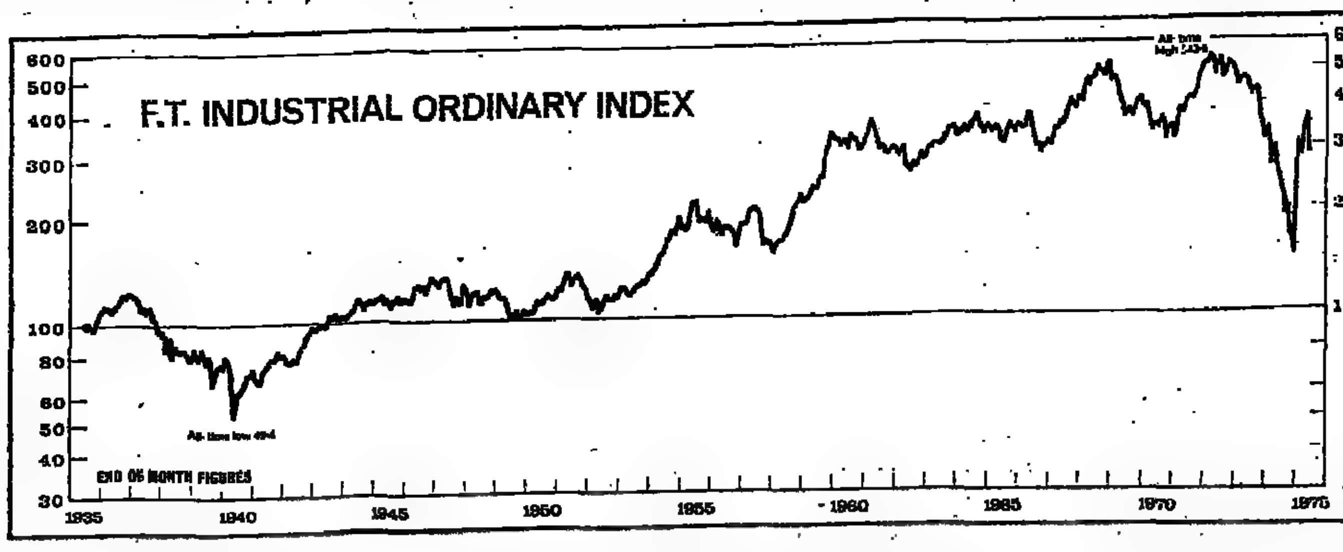
There is little doubt that if the President chose to dispense with his services, as the Navy is reported to have requested on Sunday, the immediate political tension could be reduced. There is, however, little indication that she is willing to do so and indeed many observers in Buenos Aires *think* that she would rather give up the presidency than dismiss Sr. Lopez Rega.

As at many other moments in Argentina's history it is the military who hold the fate of the country in their hands. They are thought to be less than enthusiastic at the prospect of assuming power only two years after the last military leader, General Lanusse, handed it over to an elected civilian government. A takeover by the military could play into the hands of the extreme guerilla left. The various guerrilla groups have demonstrated that both in the town and the countryside they have the money, men and weapons to create severe headaches for any government not to their liking. In this situation the prospects for stability in *Argentina can only be regarded* as poor.

The Financial Times Industrial Ordinary Share Index is 40 years old to-day: how has it stood the test?

Sensitive index of the equity market's changing moods

This feature was written a few weeks ago by Sir Richard Clarke, who designed the Index in 1935. *Sadly, he did* not live to see the anniversay, but we here publish his article.



EARLY in 1935, at the old Financial News building in Bishopsgate and in neighbouring hostelries, the editor Mr. Maurice Green and I, then the chief leader-writer, talked at length about the business cycle. This had been the great unsolved economic problem of the previous half-century: indeed at the time of these thoughts in Bishopsgate, Maurice was reading the redoubtable Jevon's theory that the cycle was derived from sunspots. We decided that the FN should be able to make a regular contribution to current statistics in this field as other organisations were doing. This was before the *days of the great Governmental* statistical organisation, and there was a lot of scope for private activity.

We concluded that the best contribution we could make was to produce a truly modern and sensitive industrial ordinary share index, sensitive to the equity market's changing moods as reflected in price movements in the leading and most active share in manufacturing industry. It would replace our existing ordinary share index, then badly in need of repair. In fixing on 30 constituents we obviously did better than we knew, subsequent testing proving the findings of our trial and error methods—that index readings on few stocks had little stability, and that as the number of stocks was increased beyond the 30 the readings flattened out with the result that the sensitivity we were seeking was lost.

Considerable argument

The 30 were chosen to give a wide enough range of industry, each to be a leader in its field and together they have always represented a relatively large slice of the equity market as a whole. Companies making up the current index have a much larger share of their various industries than those in the original list, partly because of natural growth and partly because of mergers and amalgamations. At the end of last May, the 30 had a market capitalisation of about £8bn. of the (roughly) £33bn. value of all equity shares quoted on the Stock Exchange, and the growth of individual companies over the years is clearly illustrated in the market capitalisation of ICI of £89m. 40 years ago compared with to-day's figure of nearly £1.5bn.

Back in 1935 there was considerable argument on whether it was better to have the more sensitive index than to have one with a much wider coverage but which tends to be dominated by the inactivity of some very large blocks of equity. We had no difficulty in winning the arguments then. One of our considerations in those days was speed of calculation: this, of course, has been invalidated by the computer. The computer, however, cannot collect prices, and the collection of reliable and simultaneous prices for, say, *two or three hundred stocks from the floor of the House* is still a formidable task—in 1935 it was inconceivable.

The great development of recent years in this area is the *forming of the FT-Actuaries* share indices. This series is broken down into 49 sub-sections covering over 700 equity shares and five sub-sections made up of nearly 60 fixed interest stocks, and so offers a wide range of choice against which to measure portfolio values. Much argument about using this much more sophisticated series in preference to what has been referred to as the "old-fashioned, too narrowly-based 30-share index" begs the question as to what information one is seeking.

The 30-share catches the mood of the equity market *equally as well to-day as it did* 40 years ago—better, in fact, because it is now calculated hourly rather than once a day: it cannot properly be used as a comparison with a portfolio of shares: it was not designed to *perform this function. On the other hand*, the FT-Actuaries series was designed specifically with portfolio measurement in mind but, of course, its 496 Industrial share index is nowhere near sensitive enough to catch a sudden change in mood even if it were possible to calculate hourly.

The recent statement to the effect that further indicators being drawn up by a Government statistical agency to judge the *future* course of business will include the 30-year index, is a pleasing comment on its standing; similarly, it has, together with the FT-Actuaries share indices, also recently been specified by the Department of Trade as one to which life insurance policies may be linked for the purpose of determining benefits.

CONSTITUENTS OF THE INDEX

JULY 1, 1935	JULY 1, 1955	JULY 1, 1975
*GEC	GEC	*GEC
*GKN	GKN	*GKN
*Hawker Aircraft	Hawker-Siddeley	*Hawker-Siddeley
Rolls-Royce	Rolls-Royce	Lucas
	Tube Investments	Tube Investments
*EMI	EMI	*EMI
Austin Motor	Morris Motor	Plessey
Callenders Cable	Leyland	
*Vickers	Vickers	*Vickers
Dorman Long	Swan Hunter	John Brown
United Steel		
Bolsover Colliery		
Murex	Murex	British Oxygen
*Courtaulds	Courtaulds	*Courtaulds
Fine Spinners	Lancashire Cotton	Beechams
Patons & Baldwins	Patons & Baldwins	Boots
J & P Coats	J & P Coats	Glaxo
*ICI	ICI	*ICI
*Dunlop	Dunlop	*Dunlop
*Turner & Newall	Turner & Newall	*Turner & Newall
*Assoc. Port. Cement	Assoc. Port. Cement	*Assoc. Port. Cement
*London Brick	London Brick	*London Brick
Pinchin Johnson	Pinchin Johnson	Bowater
*Imperial Tobacco	Imperial Tobacco	*Imperial Group
*Distillers	Distillers	*Distillers
Watney	Watney	Allied Breweries
Bass		Grand Metropolitan
*Tate & Lyle	Tate & Lyle	*Tate & Lyle
	Spillers	Spillers
International Tea		Cavenham
Harrods	Harrods	UDS
Woolworth	Woolworth	M & S
	P & O	P & O
	Wm. Cory	

*Companies marked * have been in the index throughout*

The method of calculation

The chief characteristic of the 30-share index is that it is a geometric mean. The day-to-day, now hour-to-hour, changes thrown up using this method depend only on the price movements from one index to the next. The movements in an arithmetic index, on the other hand, depend also on the base prices. Fundamentally, the geometric mean is calculated by multiplying together the prices of the *30* shares and *taking* the 30th root of the product after bringing in a constant to relate to the base day. Of the other advantages of this method compared with the arithmetic mean, speed of calculation has already been mentioned; for the arithmetic mean, one has to start by calculating the 30 "price relatives," the mean *of which gives the course of* the index. Simply adding the raw prices together and dividing by 30 would result in weighting the movement of a share costing 300p six times more heavily than one priced at 50p. For the geometric *index, however, this problem of* weighting does not arise.

On the other hand, distortion in the geometric index can result if one price falls very sharply out of line with the other constituents. The collapses of Rolls-Royce and British Ley-*land, for example, brought the* index down with them (much more so than would have been the case in an arithmetic index), and even though such occurrences are rare, they obviously need to be borne in mind, especially when charting the index. The record over 40 years shows the removal of only six shares for this reason. The same action is needed for a collapsing share in an arithmetic index, but less urgently because the effect on an arithmetic index is less harsh.

Selection of the list

The principles of activity, market sensitivity and leader-*ship* in each constituents' industry have been described. The table shows the original list of July 1, 1935. When the FN 30-share index became the FT 30-share index in January, 1947, a few changes were made, and they are reflected in the "half-way house" of July 1, 1955. Then there are the current 30. The list has always included some distribution (and more recently shipping) as well as manufacture, but, as yet, no oils, financials, mines or commodities.

Three of the original 30—Dorman *Long, United Steel* and Bolsover Colliery—were nationalised; the 14 marked * have been in the index throughout, though in different forms. About one-third are in the metal and engineering industries. The multi-industrial nature of the oil companies suggests that there would now be nothing incongruous in including British Petroleum, especially in view of the group's North Sea involvement and the likely dominant role operations in this area will play in shaping the U.K.'s economic future. Courtaulds is now the only textile share in the index, but has absorbed three former constituents and also Pinchin Johnson. There has been a striking increase in the representation of pharmaceuticals through *Beecham*, Boots, Glaxo and, of course, ICI. In the consumer goods industries, the widen[ing] of the Imperial Group is wor[th] mention as is the concentrati[on] of the breweries: and t[he] current index carries mu[ch] more in food and distributi[on] than in 1935 and 1955.

The 40 years' record

What conclusions can [be] drawn from the forty yea[rs'] record? Of course, there is more significance in forty yea[rs] than in twenty, thirty or fif[ty]. There has obviously been [no] such cyclical movement [as] initially had been thought *of* normal. But the market mov[es] in phases, and it may be int[er]esting to set them out:—

1935-1940	Slight upturn to 19[..] and then decline wi[th] the depression and steepening of the f[all] to the lowest-ev[er] 49.4 in the dark da[ys] of 1940.
1940-1943	Gradual pull-up [to] 100 as the war turn[ed] round.
1943-1952	*Virtual* platea[u] through end of wa[r] and period of Att[lee] Government.
1952-1958	Rapid increas[e] through 200 und[er] Butler's *expansioni*[st] policy in 1955 fo[l]lowed by a three-yea[r] setback.
1958-1960	*Increase* to over 3[..] under Macmillan r[e]flation after resign[a]tion of all thre[e] Treasury Minister[s] and the "little loc[al] difficulties."
1960-1966	Plateau to mid-196[6] "*blown off course*" crisis and pay freez[e].
1966-1972	Period of rap[id] fluctuation, goi[ng] through 500 in 196[.] back to 350 in 19[..] and then shooting [to] its all-time "high" *of 543.6 in 1972*.
1972-1975	Loss of confidence [at] end-1974, slump [to] 146.0 early this yea[r] and subsequent r[e]surgence to la[st] month's 365.3.

The impression one gets is [of] long periods of "plateau" an[d] "stability"—five to ten years—with relatively few periods [of] rapid movement, either up [or] down, though such periods hav[e] been experienced more fr[e]quently over the past ten yea[rs], *corresponding to the instabili*[ty] of the economy. There appea[rs] to have been only one perio[d] from 1960-72, when share pric[es] rose faster than the value [of] money, and even then re[al] appreciations were on a sca[le] for which the appropriate co[m]*ment can only be "if you kn*[ow] of a better 'ole, go to it."

MEN AND MATTERS

Lyons axes the tea shops

"Okay. Fine. In their day, they were very popular. But with the passage of time, one's got to be prepared to change. One's got to be flexible in the catering business these days." Thus the man from J. Lyons yesterday apologised for the final disappearance of the Joe Lyons tea shop.

There were 250 of them just before the last war, offering a demure class of waitress service, a "breath of fresh air on the catering scene," as Lyons put it. Neil Salmon, deputy chairman, was moved to recall at least one famous *Mancunian patron* who was to write nostalgically of the experience—the late Neville Cardus, cricket and music critic.

Joseph Lyons himself started in the catering trade in 1887 with a restaurant in that year's Newcastle Exhibition. In 1894, when the present public company was formed, the first tea shop was opened in Piccadilly on the strength of a chain of exhibition restaurants which by then included one at Olympia in West London.

The Second World War signalled the decline of the *tea shop business* for two reasons: shortage of staff forced the establishment of self-service; and air-raids knocked out many premises, which were mostly sited in London, the Home Counties, and on the South Coast.

Patronage began to slip. The Lyons' spokesman blamed that to some extent on foreign travel, and the British public's awakening tastes for bigger menus and, of all things, wine. In 1969, the 100 or so remaining shops were re-christened Jolyon, *and the tariff was expanded.* "The vogue," reported Lyons, "is towards fast food." Accordingly, the mere two dozen Jolyons left are to be "phased out" and the sites handed on to London Steak Houses, or Wimpy or Golden Egg franchise operations. Sadly, Lyons is not proposing a funereal fuss as the very last tea shop fades away, 81 years on.

"How's the pound doing?"

The scientist spending £1.5bn.

A scientist who claims the distinction of being the first of his breed to rise from the ranks of the scientific civil service up to permanent secretary rank takes over to-day as chief executive of the Ministry of Defence's Procurement Executive. The turnover there is £1.5bn this year. What is interesting is that the Fulton Report on the Civil Service in the 1960s postulated such appointments for scientists, but Cliff Cornford believes his is the first at such a level.

For a salary of £18,675 Cornford, 57, bears responsibility for the production programmes of all three service arms, for the Royal Ordnance Factories, and for the production side of Britain's foreign arms sales. The job was suggested by Sir Derek Rayner of Marks and Spencer, one of the businessmen drafted for a spell in Whitehall by Edward Heath, and Rayner took the job himself to start with.

"I don't practice science, but I'm administering a vast range *of it*," *says Cornford, who hasn't* been back to the laboratory since 1960 when he left Farnborough, where he was head of guided weapons, to work for Lord Zuckerman, then Chief Scientific Adviser to the Secretary for Defence. He has been 36 years a civil servant and has found nothing else "as attractive as what I've been doing—one thing you don't lack here is continuous stimulation." The less stimulating side of things will be keeping good relations with defence contractors over a period when, with stipulated *defence cuts of £4.7bn.* over 10 years, there will be much less work to go round.

Little glitter

"Since we're all going to be here some time to-day, let me begin by reminding you that the gentlemen's convenience is round the corner and the snack bar on the second floor." With these inspiring words from the chief bid opener, the second Great American Gold Auction got underway *in Washington* yesterday and the U.S. Government's campaign to denigrate the yellow metal passed another milestone.

As before, the location was a squalid tenement building in one of Washington's seedier quarters, and like the last time the Press had to enter through a fire escape. However a welcome innovation was free Treasury coffee, though served under the mocking sign "For Mr. Goldfinger and Associates."

Another new departure was the gold being sold in what the market calls "bastard bars"—250 ounce ones against the standard international unit of 400 ounce bars. Some uncharitable folk said the Treasury wanted to encourage low bids that discounted the reprocessing costs *to convert to normal*, saleable sizes.

The biggest innovation of all, though, was the conspicuous absence of Jack Bennett, the Treasury Under-Secretary for Monetary Affairs and the architect of the gold-sale policy. He resigned abruptly ten days ago, *after his public complaints* about French inflexibility on gold, which proved self-fulfilling, caused the Elysée Palace to complain to Dr. Kisisnger that Bennett was undermining Franco-American co-operation.

Feels worse

Ford tried to help keep inflation in perspective yesterday. Launching the new "Popular" version of the Ford Escort, the company said it would cost 26 weeks' worth of average income to buy, as did the first Popular 40 years ago. Then, the price was a convenient £100. To-day's rather improved version retails at £1,299, inclusive of car tax and. VAT

Observer

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FINANCIAL TIMES SURVEY

Tuesday July 1 1975

MEDIUM AND LONG-TERM FINANCE

Financial pressures on the company sector have eased this year. Government action on stocks has relieved liquidity problems. The availability of finance has been improved by the expansion of Finance for Industry and by the reopening of the stock market to a spate of rights issues. With continuing uncertainties over inflation, however, companies remain unwilling to undertake substantial commitments to capital spending.

An improved flow

by Michael Blanden

THE UNCERTAINTIES facing industry in attempting to plan ahead for future investment and production have if anything increased in nunmber over the past few months. Even leaving aside the lack of confidence which has arisen from mainly political considerations—a little relieved by the EEC referendum result and by Mr. Wedgwood Benn's transfer from the Department of Industry—confusion over the future development of the economy and doubts about the justification for new investment in productive resources have been building up to a peak.

First, the U.K. is sharing with other industrialised countries a recession which it is generally agreed is the worst since the 1930s. So far, the evidence is that the decline in output and the rise in unemployment have been significantly less drastic in the U.K. than in many other leading industrial countries, partly no doubt because some of these have taken more positive deflationary action in order to reduce the rate of price increases even at the cost of an economic slowdown. But in the past three or four months the downturn in the U.K. has been rapidly gathering pace, with industrial production turning down sharply and unemployment rising at a rate which suggests that the recession in this country may have a good deal further to go even if elsewhere there are beginning to be signs of recovery.

This is accompanied, secondly, by a high and accelerating rate of inflation which has taken the level of retail prices up by 25 per cent. over the latest year. The social contract has been falling apart, with wage rises running well above the level of price increases. The result has been that a problem which early last year, it could be argued, was the result of factors outside the control of the U.K., including particularly the oil price rises, has been transformed into the major domestic issue of politics and economics.

Imported inflation, the result of rising commodity and raw material prices, has been replaced by domestic cost-induced inflation affecting every decision made by industry and by Government itself. Whether and by what means the Government will attempt to control the situation remains the biggest area of uncertainty.

Profits

Against this background industry has yet a third problem, the question of whether any new investment would produce a return sufficient to justify the expenditure. The Bank of England has argued in its recent Quarterly Bulletin that in spite of the urgency of the need for action to combat inflation, this should not include further action to restrict price rises. The wage cost increases already in the pipeline, it argued, should be allowed to come through into prices for otherwise the result would be to produce "insupportable deficits in the accounts of industrial enterprises, both private and public." Already, the Bank maintained, the decline in profitability over recent years had created a situation in which the level of profits "does not provide an adequate return on existing capital, nor make new investment attractive."

The impact of these uncertainties has been clearly reflected in the slump in new productive investment by industry. In spite of gloomy predictions last year, the effect has been relatively slow to come through. The most obvious result of the difficulties and of current pressures on costs and liquidity had until recently been seen in the efforts of the company sector to hold down costs, reduce the level of stocks and limit the call on expensive bank finance (in which, recent figures have suggested, industry has been successful).

By the first quarter of this year, however, the signs were becoming clear, with a drop in manufacturing companies' fixed investment of 8 per cent. after it had remained firm throughout 1974, and with a further 8½ per cent. fall in the distributive, and service industries. Recent figures from the Department of Industry have provided gloomy projections for the future, with investment by manufacturing companies expected to fall by 15 per cent. during the current year.

In the background to this problem is the continuing debate over the long-term future of U.K. industrial investment. The drastic fall in the current recessionary circumstances is serious enough. But it comes at a time when there is strong argument that apart from short-term problems there is a need for a permanent lift to industry's willingness to invest. This has been exemplified by Mr. Wedgwood Benn's well-known £6bn. programme; but other bodies—including, for example, the National Economic Development Office—have been showing considerable concern over the long-term low level of U.K. investment.

The answers which are proposed to the problem have varied from NEDO's joint effort with the Bank of England to study and encourage the flow of long-term finance from the private sector institutions to industry to ideas of directing resources into favoured areas and using Government-backed organisations including the National Enterprise Board as a major instrument for encouraging new investment.

Direction of resources does not look a likely starter with the present Labour party leadership. Nevertheless, it has not only been among the Left wing that anxiety has been expressed over the ability and willingness of the private sector to finance investment. Recently Sir Charles Hardie, chairman of two public companies, has maintained that the City has "totally fallen down upon the question of loan finance and other means of arranging long-term permanent finance for medium-sized companies." He accused the institutional investors of "lack of responsibility" and maintained that one of the reasons was their unwillingness to set up the appropriate staff to monitor their industrial investments.

This is a long-standing issue in the City. Efforts by the Bank of England to encourage the big investors to take a closer interest in the efficiency of the companies in which they own shares and to develop more effective relationships with industry have not been by any means universally successful.

At the shorter term end of the market, the big banks, while prepared to involve themselves more closely in providing detailed financial advice for customers, resist ideas of following the Continental pattern of direct investment in equity stakes and the exercise of voting power in industrial companies (a view in which they have been supported by the Bank). In the longer term market, however, while the insurance companies and pension funds still appear reluctant to commit themselves to a more active role in guiding industry and generally more inclined to limit themselves to an investment role, there have been continued efforts to convince them of a duty to provide finance for industry and to help guide industrial management. There are some signs that against the background of developments such as the NEDO-Bank of England initiative, more action may be seen in this direction.

The Bank, meanwhile, is clear that it is not basically the fault of the investing institutions if there is a lack of the desired new real investment in industry. In the Bulletin the Bank in effect came to the defence of the City by arguing that it was the lack of profitability which was inhibiting companies from undertaking new investment: "The problem is not," the Bank insisted, "that finance cannot be raised from financial institutions for profitable investment."

The background to the debate has been provided by the problems which have arisen over the past year or so: these include two separate, but related, issues. One is the immediate shortage of liquidity which hit much of industry during the course of last year as a result of both the pressures of inflation and the effect of Government tax measures. The other, related to the first but presenting more fundamental issues, is the question of the lack of availability of long-term funds to finance industrial investment, whether from retained profits or from institutional sources.

The two problems developed together during the course of last year. On one side, companies were hit by the tax measures taken in the 1974 spring Budget: they found themselves called on to finance stock replacement at substantially inflated prices: as a result they had to call on the banks to an increasing extent for funds mainly used simply to finance the effects of inflation and faced a squeeze on liquid resources which threatened a serious collapse of industrial confidence and indeed solvency.

The point was brought out by the real concern being expressed last autumn by some bankers that the big banks, already facing heavy calls on their resources to support the secondary banks, would find themselves in a situation where they were unable to provide the funds required by industry. At the same time, the collapse of the stock market made it virtually impossible for companies to raise finance for the medium and longer term, leading to a situation where it was increasingly felt that only the banks and in the final analysis the Government or its agencies themselves would be capable of supporting a revival of industrial investment.

Relief

On both counts action has been taken. The relief on stock appreciation offered by the Government in the autumn Budget and extended this year has helped the company sector to the tune of some £800m. The Bank of England Bulletin pointed out that during last year industrial and commercial companies continued in heavy, if diminishing financial deficit: by the end of the year still at an annual rate of almost £3bn. But the combination of tax relief and spending cutbacks

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With ample funds available the big banks are keen to expand their lending operations. In particular they are looking to increase their help to industry for capital investment—a sector they began to develop some years ago.

Increasing role by the clearing banks

MEDIUM-TERM loans to finance productive investment are playing an increasingly important role in the lending of the big clearing banks. They have been offering this kind of finance, usually for 5 years or so but extending up to 10 years, for some time now. But the present circumstances of the banks, and the longer term development of their lending techniques, have given a particular boost to this facility recently. The result, the banks argue, should be a better and more appropriate lending service for their corporate customers with a greater degree of involvement by the banks in providing financial advice and assistance to the company sector.

There is a rather chequered history to the banks' involvement in the medium-term loan field. It was only with the introducion of the new official policy of Competition and Credit Control in 1971 that they were given the freedom to develop their lending, and in the period after that move the banks started to promote medium-term finance as part of their general expansion. Since then, however, they have been faced with a growing degree of renewed restraint on their activities, particularly as a result of the initial impact of the "corset" controls on their business introduced in December, 1973. At the same time, the lower rate of growth of the money supply, and the changes in the structure of the money markets following the secondary banking problems, have made it less easy than it was during the period of rapid expansion in 1971 and 1972 to acquire medium-term deposits to match lending on this time scale.

Changed

Nevertheless, more recently the situation has changed again. The banks have found themselves with ample funds available for lending generally. There has been a good inflow of their basic raw material—current and deposit account funds—to the big banks in recent months, while at the same time the level of lending has remained depressed. Industrial companies, concerned over inflation and other uncertainties, have been holding down their demands on the banks, while investment plans, as recent figures from the Department of Industry have shown, have been cut back sharply.

In this situation, the banks are again anxious to give a push to their lending facilities, including medium-term loans. It is felt that not enough has been made in the past of the availability of these services, and that many companies, particularly among the smaller and medium-sized enterprises, are probably not sufficiently aware of the variety of lending facilities which are being offered. The banks expect to see a substantial increase over time in the amount of their resources committed to medium term finance.

It is no accident, therefore, that there has been some publicity given to recent large loans — such as the £10m. medium-term facility which Barclays provided for Marley. Not all companies, of course, can expect to get the same terms as a group such as this, which ranks as a "blue chip" borrower in bank terms. For Marley, the facility was provided at 1½ per cent. over the bank's base rate for the first 3 years, rising to 1¾ per cent. over in the final 2 years.

Generally speaking, this is the pattern on which the banks' medium-term lending is based. They are not on the whole very keen on providing fixed-rate loans for this kind of period, because it is unlikely that they will be able to acquire deposits of a length to match the loan. They try, therefore, to lend on a floating rate which is linked either to their own base rate or, preferably from the banks' point of view, to the cost of money as reflected by the London interbank rate.

Flexible

The cost of a medium-term loan for most companies is likely to be of the order of 2 per cent. over the interbank offered rate or more. But the banks are prepared to be quite flexible in the details of the facility. Within reason, the borrower may be able to decide for himself what period should be used as the basis for the interest charge and with what frequency the rate should be revised. There is also a good deal of flexibility in arranging repayment terms. Normally, the banks require a commitment on the part of the borrower which will bring a return of some of the funds during the course of the loan.

They will, however, often delay the first repayment for a period of perhaps 2 years so that the repayment schedule can be related to the expected return to be earned on the new investment. A medium-term loan can thus be closely tailored to the specific requirements of the company, and its period, up to a maximum of about 10 years, and the terms on which it is made can be related to the character of the productive investment it is aimed to finance.

In this way, the banks argue, the availability of medium-term loan facilities as well as the overdraft and other forms of borrowing is in the interests of customers as well as to their own advantage as lenders. The medium-term loan is more expensive than the normal overdraft arrangement, and for some companies it may be tempting to rely simply on normal bank advances for finance.

But it is increasingly being realised that it is important for funding to be tailored to the purposes for which it is required. The overdraft is a very flexible and relatively cheap form of borrowing, which plays a major part in the finance of industry and particularly of the small company sector. It is appropriate for the finance, for example, of fluctuating seasonal needs or stocks and work-in-progress; but being at least nominally repayable on demand, and susceptible in times of credit squeeze to being heavily restricted, it cannot match the needs of a company requiring finance for long-term investment.

To some extent the banks' move towards medium-term loans reflects their long-standing aim of rationalising overdraft lending and reducing the quantity of "hard-core" finance provided in this way. But on the whole, they say, there has been little switching of facilities in this way. The medium-term loan is there to meet a growing need for finance in this range rather than as a more expensive substitute for existing overdraft arrangements.

In the background to the banks' concern to promote these loans, no doubt, there is an awareness of the recent anxiety over the whole question of the availability of medium and long-term finance for industry, which they have recognised with their willingness to provide support for the extended facilities now being offered by Finance for Industry. It also forms part of a general pattern of development in the banks which as well as matching lending facilities more closely to the purposes for which they are intended is also tending in many areas to move towards loan arrangements rather than overdrafts.

This has been true, for example, of the shorter-term finance provided for consumer purchases, where the banks have been tending to move on to a loan basis. This had a number of advantages, particularly in relation to the predictability of any commitments entered into by the bank and the inflow of funds built into the arrangement for repayment of the loan. A higher proportion of loan finance overall will make life easier for the banks when they are required to hold down their level of lending and will provide a steady flow of funds available for re-lending even when the squeeze is on.

Advice

The trend also, however, forms part of the general pattern for the banks to become more involved in providing financial advice to their customers and in offering guidance on a wide range of financial facilities in a style closer to the traditional techniques of the merchant banks. In its nature, a medium-term loan, whether secured or unsecured, demands a reasonable certainty on the part of the lender that the funds will be available for repayment.

Where an applicant is an existing customer, the bank will probably not require such detailed investigation, though requests from outside are likely to demand a detailed look into the company's finances. This will include, for example, profit and cash flow projections for the relevant period and, where necessary, the banks are increasingly able to provide assistance to customers in developing the necessary financial recording and forecasting techniques.

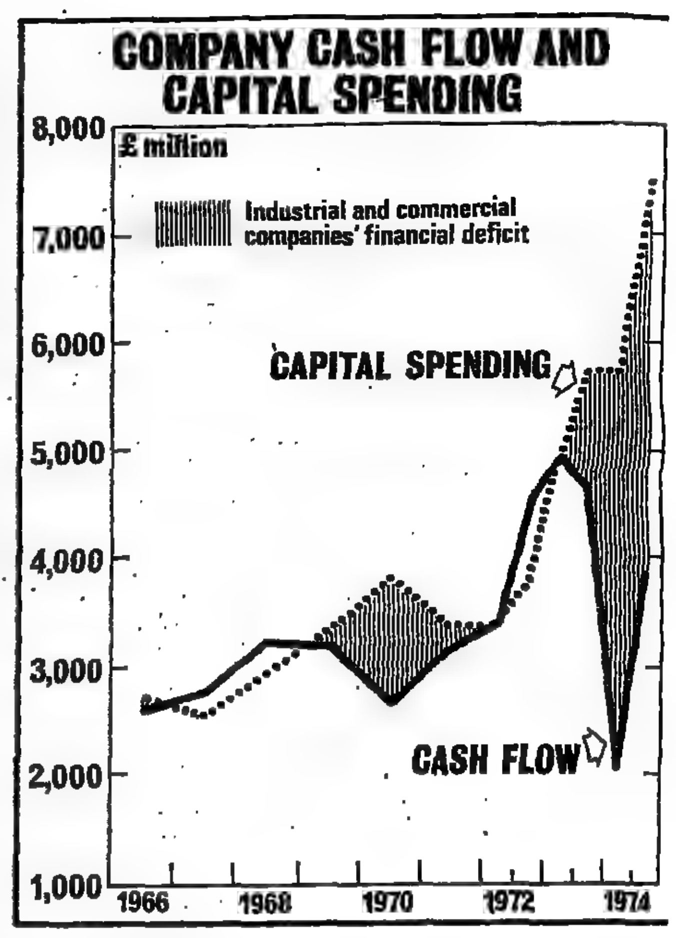
Their growing capacity in this area is also related to the general extension of the variety of services which the banks are offering to company customers. Within most big bank groups there is now available a whole range of lending facilities, ranging from the overdraft through medium-term loans to special arrangements such as leasing, hire purchase and factoring. Within this range, the banks argue, there is a pressing need for the right kind of finance to be provided for specific purposes. And increasingly they are able to tailor a package of various kinds of lending, including all or some of these, to meet customers' needs.

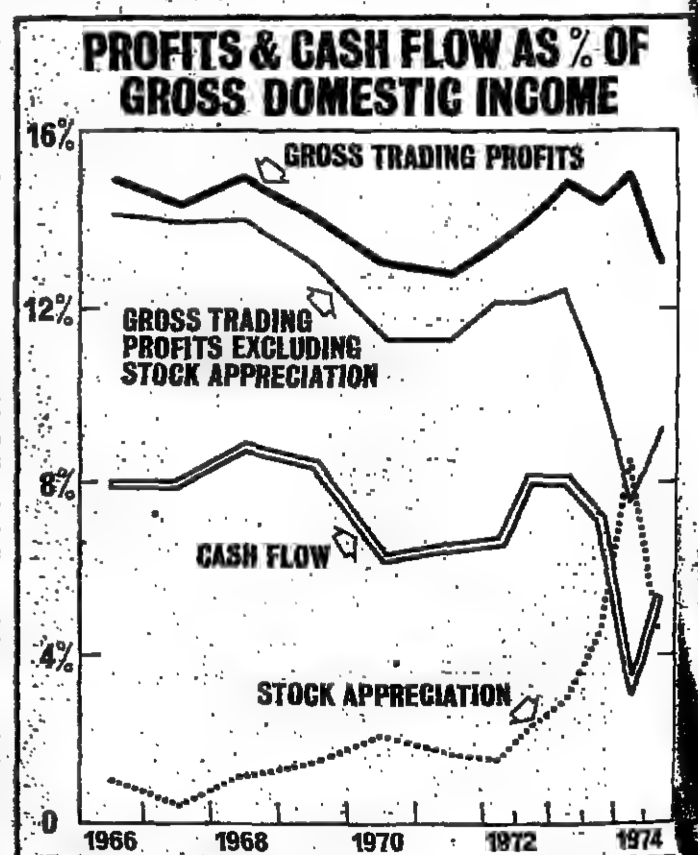
Package

Quite often, therefore, a medium-term loan will be presented as part of such a package designed for an individual customer and backed up by advice—through the branch manager and where necessar calling in specialists in othe areas—on financial systems an on handling the various typ of finance. This is particular important for the small cor pany sector, which is normal unable to command the skil required in this area, but th banks report that they find need among quite a lot o medium-sized and even larger companies.

In the current situation, where the big banks are anxious to lend to the company sector and to encourage new investment, their role in medium-term lending and othe forms of finance such as hirc purchase is expected to grow significantly.

Michael Blande





Improved flow

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brought a distinct easing in the company sector's financial position during the first quarter of this year.

At the same time, the re-establishment of Finance for Industry with substantially increased funds (provided by the banks and the institutions) to offer medium-term loans to industry as an answer to the gap in financing appears to have brought a considerable response; while the recovery in share prices and falling interest rates have again opened the market up for a substantial spate of rights issues to provide new funds for industry.

In this sense, the problems have been reduced. Moreover, it is increasingly felt that the prospect of recovery from the world-wide recession is coming near. It is likely to be led by countries such as the U.S. and West Germany where reflationary action has been taken. In the U.K., it may be some time before the effects are felt, but at least it is possible for the stock market and for industry to look ahead to a period when there will be renewed economic growth.

Faster

But the problem of inflation is worse, if only in the sense, as the Bank pointed out, that where as until recently the price rises in the U.K. were not much faster than elsewhere, the gap has now been opened up so that Britain is running 10 to 15 per cent. ahead of the U.S. and Germany. This it is acknowledged requires priority treatment as the country's main problem.

The question of the availability of finance, however, is not finally resolved either. Demands on the U.K., even if production could be geared up again, remain heavy. Substantial resources have to be diverted into the export markets or to import replacement in order to overcome the balance of payments problem. Most important, the demands of the public sector borrowing requirement, even if it does not grow any further beyond the Budget levels as a result of inflation (and on recent record there seems every likelihood that it will be bigger) will make a heavy call on the available resources.

So far, the authorities hav been able to sell a great de of gilt-edged stock, almost a at the short-end of the marke to the private sector with th help of falling interest rates: i the first quarter of this year, was an "unprecedented £1.82bn. net. If any renewe demand for finance for industr is to be accommodated, withou adding a new inflationar element from excessive growt of the money supply, the Ban pointed out, then a greate proportion of the public sect debt would need to be finance from outside the short-ter markets and the bankin system. The problem o reconciling the two areas o financing requirements in th public and private sector, wi be difficult to resolve.

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MEDIUM AND LONG-TERM FINANCE III

The traditional and important contribution of retained profits in the financing of industry's requirements for fixed and working capital has been steadily reduced by inflation and other factors. This examines the evidence as statistically available.

Industry's profits under pressure

THERE ARE technical difficulties inherent in an attempt to measure the profitability of the corporate sector as a whole which make the assessment of short-term trends hazardous, especially in periods of rapid inflation. On a long-term view, however, the trend of profitability has been running so steeply and unambiguously downwards—much the same figures have been put forward, though from different points of view, by economists of the New Left and by the Confederation of British Industry—that there is little room for argument about the facts.

The decline has been most marked since the beginning of the present decade. The CBI estimated last year that the share of gross trading profits in total domestic income (both figures net of stock appreciation) had dropped from an average of 15 per cent. in the fifties and one of 13.5 per cent. in the sixties to a level that was thought to be running at an annual rate of only 5.5 per cent. in the first half of 1974.

Accounting

It is probably true that this rapid decline was encouraged by the acceleration of inflation and by the widespread use of accounting methods which fail to make proper provision for it. Many companies may well have come to appreciate the true extent of the deterioration in their financial position only when profits became inadequate to maintain the real level of *working* capital and they were forced to borrow on a large scale from the banks. Understanding of the way in which inflation distorts traditional accounting practices is now much better; but the long-term decline in profitability, which must be reversed if there is to be a recovery in capital investment undertaken through the private sector, cannot be reversed quickly.

There is, in fact, despite recent criticisms of institutional investment practice, not so much a crying shortage of capital for investment as a dearth of profitable investment opportunities. Since the autumn of last year the Government has recognised the side-effects of its own company policies on capital investment and employment and has taken two different kinds of action to make the position better.

First, price controls have been significantly eased. Secondly, tax relief was introduced last autumn on part of that increase in nominal profits which is due to nothing more than stock appreciation; the relief was extended in the last Budget and will presumably be put on a more permanent basis when the report of the Sandilands Committee on inflation accounting has been received and considered. But these changes have been made at a time when the immediate prospect at home is so uninviting that investment plans have been revised drastically downwards.

The same reversal of previous policies, together with the abolition of the surcharge on advance corporation tax, has improved the liquid position of the corporate sector—the rapid worsening of which last year was the main reason for Government intervention. In fact, the sample liquidity ratio (ratio of total current assets to total current liabilities) published by the Department of Industry, which fell from 92 per cent. in the first quarter of 1973 to only 40 per cent. in the final quarter of 1974, recovered to 50 per cent. in the first quarter of 1975. But it is probably more useful to describe recent experience in terms of cash flow (retained profits, including depreciation, and capital transfers), which moved roughly parallel to gross profits last year if stock appreciation is excluded.

Over the year as a whole gross profits were well down, while taxation had to be paid on the higher profits of the previous year. The position improved in the final quarter of 1974, but even then was accompanied by an increase in capital expenditure. The *financial balance* of the corporate sector (retained profits less capital expenditure) fluctuates a good deal from one year to another but over a run of years the surpluses and deficits tend to cancel one another out.

Quarters

Last year the financial deficit rose from £540m. to £3,607m., nearly two-thirds of it concentrated in the two middle quarters: the net financial requirement of companies, after including such items as investment abroad, was almost doubled at £5,970m. Although there was an increased inflow of funds from abroad, mainly because of oil company transactions, the greater part of this financial requirement was met, as it had been in 1973, by the banks. In the capital market, redemptions outweighed new issues for the first time since the last war.

Although the financial deficit of the corporate sector was most acute in the middleof last year, it was still substantial in the final quarter—£725m., against £540m. for the whole of 1974. In the first quarter of 1975, however, though complete statistics are not yet available, the position almost certainly improved. Gross trading profits, it is true, rose by only 2½ per cent. against a rise in income from employment of nearly 9 per cent. But the financial position of companies was easier at a time of the year when it is usually most strained, partly because of the tax relief on stocks but also because of a down-turn in capital expenditure.

The Department of Industry and the Confederation of British Industry had been forecasting a drop in capital investment for some time, and the forecasts began to be realised in the first quarter of 1975. Capital investment in distribution and services continued to fall while capital investment in manufacturing industry, which had been firm throughout 1974, dropped by 8 per cent. in the first quarter of 1975: companies also seem to have been able to reverse to some extent the previous and involuntary increase in stocks.

The change in their financial position, caused by a combination of lower tax and lower capital expenditure, was reflected in the net position of the corporate sector with the banks; overdrafts were reduced and deposits rose sharply. There has, in fact, been only a modest demand for bank credit by companies during the past few months. The heavy borrowing of the previous two years had created a situation in which neither the banks nor, in many cases, their customers were anxious to increase short-term debt.

Firmer conditions in the stock market simultaneously made it possible, towards the end of the first quarter and more especially during the second, to raise a very large amount of new capital through rights issues—even £700m. so so far this year, more than in the whole of the record year, 1972. In the case of certain financial companies, this increase in equity capital was needed to restore prudential ratios of one kind and another. Even in the case of industrial and commercial companies, however—some of which seem to have raised equity capital while market conditions were propitious without pressing need for it—this funding will help not merely to ease the immediate liquid position but to provide a stronger capital base for expansion when expansion again becomes the order of the day.

It is not easy at the moment to judge precisely when that will be. Since the turn of the year, wages have continued to rise rapidly while industrial production has fallen: "In view of the poor outlook for domestic demand," according to the Bank of England's latest Bulletin, "a really substantial recovery in profit margins this year seems unlikely, despite the relaxations made in the price code."

Despite the improvement in their liquidity position, therefore, most firms have little immediate incentive for expanding capital investment. "This is a situation," to quote the Bank again, "which will not be remedied quickly; but it is too acute for it to be capable of being neglected in the short term in the hope of using tighter price ontrol to slow inflation ... what would be advantageous, in an economic climate in which there is in any ase no room for extravagant price increases, would be a control less detailed in its method of application."

The warning is timely. The Government is at present attempting to push the trade union movement into voluntary acceptance of a stricter and more effective system of wage restraint. The price which the TUC will demand in exchange is likely to include some measure of price control. Unless this is paid for entirely by Government subsidy, which would work against the declared aim of greatly reducing the borrowing requirement, price control could work only at the expense of company profits, which are already too low to support the level of investment in new plant needed to support faster economic growth. It is to be hoped, therefore, that if price control is made more rigorous it will be only for a brief period.

Robert Collin

INDUSTRIAL AND COMMERCIAL COMPANIES—THE FINANCIAL POSITION (£m.—seasonally adjusted)

	1971	1972	1973	1974	1973		1974				1975
					3rd	4th	1st	2nd	3rd	4th	1st
	Year	Year	Year	Year	qtr.	qtr.	qtr.	qtr.	qtr.	qtr.	qtr.
Domestic capital formation	+4,246	+4,717	+7,845	+11,435	+2,091	+2,340	+2,840	+3,081	+2,907	+2,607	
less Saving	−3,733	−4,831	−6,960	−7,495	−1,804	−1,919	−2,006	−1,902	−1,785	−1,802	
less Capital transfers (net)	−556	−380	−347	−333	−97	−76	−94	−84	−75	−80	
equals Financial surplus −/deficit +	−43	−494	+538	+3,607	+190	+345	+740	+1,095	+1,047	+725	
Trade investments, mergers, etc., in the U.K.	+338	+642	+723	+534	+245	+185	+231	+121	+97	+85	
Long-term investment abroad	+806	+806	+1,927	+1,831	+456	+720	+392	+271	+405	+703	
Import deposits	−253										
Total requiring financing (+)	+848	+954	+3,188	+5,972	+891	+1,250	+1,363	+1,487	+1,609	+1,513	
Capital issues (including euro-currency issues)	−454	−684	−271	+1	−29	−30	+7	−3	−13	+10	−17
Overseas investment in U.K. companies	−720	−553	−1,170	−1,481	−217	−413	−643	−294	−403	−141	
Import credit and advance payments on exports	−231	−281	−281	−225	−56	−123	−62	−55	−34	−74	
Export credit and advance payments on imports	+95	+146	+138	+290	+45	+13	+118	+118	+66	−12	
Bank borrowing	−730	−2,988	−4,504	−4,411	−1,613	−1,747	−1,039	−1,333	−1,379	−618	−221
Other borrowing*	−345	−62	−1,174	−164	−401	−318	−105	+135	+19	−210	
Bank deposits, notes and coin	+992	+2,286	+2,605	+48	+1,081	+828	−31	+44	+134	−141	+504
Other liquid assets†	+141	+81	+101	+55	+6	−6	+2	+48	+87	−82	
Other items‡	+94	+9	+164	+265	+54	−31	+85	−91	+71	+200	
Other overseas transactions (including the balance of payments balancing item)§	−383	+663	+53	−989	−55	+173	−407	−269	−322	+9	
Unidentified domestic transactions§	+693	+427	+1,151	+639	+294	+399	+712	+213	+165	−454	
Total financing (−)	−848	−954	−3,188	−5,972	−891	−1,250	−1,363	−1,487	−1,609	−1,513	

* Including transactions in commercial bills by the Issue Department: and also accruals adjustments for interest on bank deposits and advances, local authority rates, purchase tax, VAT, car tax, and refunds of SET. † Treasury bills, local authority debt, tax reserve certificates, tax deposit accounts, and deposits with other financial institutions. ‡ Net trade credit with public corporations, and hire-purchase lending. § Most of the balancing item in the balance of payments accounts, especially when large, probably reflects unidentified transactions between companies and overseas. It is deducted from the total amount unidentified in the company accounts to leave a rough estimate of unidentified domestic transactions.

Source: Bank of England.

The newly enlarged Finance for Industry company has approved loans worth £1bn. since last November's "little Budget" and there is another £5bn. in the pipeline. Experience to date indicates that the FFI is progressing well towards its initial lending target in the medium-term range.

Bustle of business at FFI

JUDGING by the bustle of business being quietly transacted by the enlarged Finance for Industry company under its new £1bn. lending facility and by the recent spate of rights issues, British industry should have little complaint over cash shortage this year.

For already FFI, geared up to act as a major medium-term lender after an initiative in last November's "little Budget," has approved loans comfortably exceeding £100m. and has been engaged in scrutinising applications for more than £500m.

If manufacturers are planning a 15 per cent. cut in their capital investment this year, as recently forecast, the fault must therefore lie rather with the twin unsettling evils of inflation and recession than in a scarcity of finance.

After 1974's financial famine—when little was raised in the depressed stock market and companies satisfied a greatly increased borrowing requirement largely from the banks—revived City confidence has much eased conditions this year. Already well over £700m. has been obtained by rights issues of share capital, so that the previous record of £686m. for these issues—set in 1972—has been exceeded.

Much less public notice has yet focused on the more novel and increasingly important source of medium and long term capital for the economy—the expanded FFI, the scheme for whose £1bn. lending facility was launched at the height of industry's cash problem last November.

Originating in a concept developed by Mr. Harold Lever, the Cabinet Minister who is Chancellor of the Duchy of Lancaster and a close economic adviser to the Prime Minister, the new loan scheme was designed to fill a gap in the availability of mainly medium-term funds for companies.

Its continued relevance and importance, despite the re-opening of another cash source in the revival of the rights issue market, is underlined by the fact that the long-term fixed-interest market is still dormant. With inflation running at 25 per cent., and long-term interest rates accordingly high, neither private borrowers nor lenders are yet keen to venture much into this market. FFI, with the backing available to it, is able to lend at reasonably fine interest rates and does, moreover, offer borrowers a choice between fixed and fluctuating rates.

The company, while not dependent on Government funds, has the quasi-public intermediate status afforded by its enlargement under strong encouragement from the Government and prominent City authorities.

Merger

The share capital of FFI, formed in 1973 through the merger of Finance Corporation for Industry and Industrial and Commercial Finance Corporation, is held by the Bank of England (with 15 per cent.) and the big London clearing and Scottish banks. The funds with which it operates are obtained by public loan stock issues and from other cash sources, including bank borrowing and short-term calls on the money market. Possibilities of tapping the "petrodollar" funds of the oil-exporting countries have been among potential borrowing methods considered. Some funds have also been made available to it from European organisations, including the Coal and Steel Community.

Apart from the Bank of England's shareholding —, the shareholders together have already this year put up £25m. of an eventually intended £85m. more equity capital—the organisation is reliant on non-State sources of capital. The understanding has been that big City institutions, such as the insurance companies, would stand ready to ensure FFI's own financing by backing its periodic stock issues, such as this year's £75m. of six-year stock at 13 per cent.

There was, indeed, some political criticism on the Left when the concept of the FFI—first labelled the "Lever bank" — was initiated, because it was to ease the problems of troubled industry without use of Government funds and control. A role of closer State participation and supervision was, however, allotted at much the same time to the planned National Enterprise Board, to be set up under the Industry Bill, which is still going through Parliament.

Experience to date suggests that FFI is well up to programme in its progress towards the target of £1bn. lending envisaged for its first two years in its enlarged form as a medium-term lender.

Already, since the expansion operation began in January, well over £500m. of borrowing applications, mainly from larger companies, have flowed in—and this figure is after eliminating any that might not be considered "serious" propositions. The Board, which is headed by Lord Seebohm, formerly chairman of Barclays Bank International, has approved some £125m. of these applications to date, and the rest are now under scrutiny.

Out of the loans approved, some £91m. are already the subject of deals accepted by the prospective borrowers, and £20m. has already been advanced. With bankers' discretion, FFI itself does not announce particulars of its lendings, though these are likely to be revealed in many cases by the borrowers, or to emerge in their annual accounts in due course. One instance where a loan has been announced is that of the £5m. provided to Slough Estates, which runs industrial estates.

It is also known that Chrysler U.K., the large American-owned car manufacturer, has applied for a loan of some £35m. from FFI.

After FFI opened the doors of its new lending scheme at the beginning of this year, applications for a large £400m. flowed in during the succeeding three months, so great was industry's thirst for capital. But even after this initial spurt the procession of applications has kept up, with another £130m. being sought in the 11 weeks from the beginning of April.

Mr. Larry Tindale, deputy chairman of FFI, who in 1972-74 did a spell as an industrial adviser to the Department of Industry, says: "We'd rather expected that the first rush in January and February would have mopped up applications for some way ahead, but it hasn't happened. Most big companies want to pick up money where they can get it. They will not drop out of the rights issue queue and will build up borrowing and share capital as they are able."

The applications, which are now being processed at a rate of £10m. a week, are primarily from large companies and loans are provided chiefly to finance industrial investment. Sometimes export projects, unrelated to capital projects, may be catered for, but there has not been a great deal of demand of this kind. There has also been little call for loans simply to fund existing bank advances, though an FFI loan may be coupled with an undertaking by a bank to maintain or increase its advance. Would-be borrowers are from a wide spectrum of industry, engineering figuring significantly.

Loans approved have averaged £8-9m., within the £5-10m. range originally envisaged as the most usual but sums up to £25m., or even £50m., can be considered on occasion. Lending is normally for 10 years, though it can go up to, say 12 years sometimes. Borrowers choose between paying the fixed rate of interest—now 15 per cent.—and the variable one, which fluctuates with the inter-bank six-month rate, plus an additional 2½ per cent. margin (currently working out at just over 12 per cent.). A long-term fixed interest loan in the market for 20 years would now require a rate of over 16 per cent.

Repayment

Companies raising cash from FFI have so far divided almost equally between those choosing the fixed and fluctuating terms. Repayment is normally by equal instalments over the life of the loan (an arrangement which helps FFI's own cash flow), though an initial wait of two or three years, before repayment begins, can sometimes be negotiated.

In due course, FFI—representing its shareholders, including the Bank of England—is likely to replenish its funds by tapping the market, on which it keeps a careful eye, with another stock issue, though not imminently.

Meanwhile, the company is next likely to be in the news in a few days time when it announces its results for the year to March 31 last. In the six months to September 30, 1974, before the new medium-term venture was launched, there was a near-£2m. loss before tax after £5.3m. of provisions against loans and investments.

Margaret Reid

The finance houses have been having a very bad time of it over the past year. Higher interest rates have eaten into their profits, while renewed controls over HP and a drop in credit for the consumer have also hit them. However the amount they advanced to industry in the year actually increased.

Instalment credit

THE FINANCE HOUSES have been through a period of unprecedented difficulties over the past year. They suffered the effects of an exceptionally sharp increase in the general level of interest rates, which eats into their profits. They have been hit by the reintroduction of controls over hire purchase terms, and the depression of lending in the consumer sector of the market. In a number of cases, individual companies have been seriously damaged as a result of heavy write-downs on property loans. And in the aftermath of last year's fringe bank crisis, a number of the independent houses have found it difficult to retain deposits and have had to turn to the City's "lifeboat" support operation for funds.

The pressures have been reflected, for example, in a net loss of £31.2m. announced by United Dominions Trust for the second half of 1974, after making £21.6m. of provisions against property lending, and in a serious setback similarly reported by Mercantile Credit. Both these companies have had to turn to the support group. And as a result of these events the industry is passing through a period of retrenchment which Mr. Humphrey Oliver, chairman of the Finance Houses Association, described earlier this year as "major surgery."

Those big companies such as Forward Trust which are owned by clearing banks have been spared some of these pressures, particularly the loss of deposits. Nevertheless it is clear that the industry as a whole will be engaged for some time in overcoming the problems raised by recent events.

In spite of these difficulties, however, the instalment credit industry continues to provide an important flow of credit for the finance of industrial and commercial investment. With the consumer credit end of the businesses still depressed, particularly in the important area of car sales, the companies have funds available for lending. They are helped by the nature of much of their business, which provides through instalment credit agreements a steady inflow of repayments even in the most difficult times. And they remain anxious to develop their industrial lending, though given the current uncertain economic circumstances and their own recent problems they are unavoidably having to take a cautious approach to new customers.

This is likely to mean, for example, that the size of individual loans offered may be restricted and the lenders less inclined to offer funds for periods stretching well into the 5-year medium term period and beyond than they were when deposits were easily available. As a result of the changes in the money markets, where it is now difficult for even the big banks to raise funds for a period of more than a year or two, the term of lending has had to be reduced.

Industrial and commercial companies have also been cutting back sharply on their investment plans, so that the demand for bank and other forms of credit has been very sluggish recently. Nevertheless, there are signs that an increasing number of companies are turning to instalment credit and to the finance houses as an alternative source of borrowing.

Within the big bank groups which have instalment credit associates, moreover, it is likely that this and other specialised forms of finance will play an increasing role. The banks are increasingly developing a close interest in providing more detailed financial advice for their corporate customers, including the provision of various lending packages geared to specific needs and often incorporating instalment credit for appropriate purposes.

Maintaining

The most recent figures for instalment credit lending to industry suggest that in spite of problems the industry has continued to provide an important source of finance. Over the last three months of 1974, new credit extended by finance houses for industrial and building plant and equipment was £15m., £13m. and £14m. respectively, easily maintaining earlier levels. A further substantial amount, of £17m. in October, £15m. in November and £13m. in December, was provided for commercial vehicles.

Over the year, while consumer credit fell back, the amount provided for industry actually increased. Outstanding lending at the end of 1974 on motor vehicles and caravans (which includes commercial vehicles) was £910m. against £1,010m. a year earlier. But outstanding credit provided by finance houses for industrial and building plant and equipment rose over the year from £199m. to £227m., a significant jump of some 13 per cent.

One helpful recent development has been the fall in interest rates during this year. This has been reflected in the base rate published by the Finance Houses Association, which is currently at 10½ per cent. against 13 per cent. at the beginning of the year and a peak 16 per cent. early last year. This rate, which is a direct reflection of the cost of money in the London interbank market, has been taking on a growing importance in relation to the finance houses' industrial and commercial lending.

The fall in rates is itself an advantage to the finance houses. It has also probably created a climate in which it has been easier to persuade borrowers to accept loans on the basis of a floating rather than a fixed rate. The base rate, worked out monthly, was introduced to provide the finance houses with an independently calculated measure of money costs as a method of providing them with greater protection on longer-term lending against sharp fluctuations in interest rates.

They have been putting an increasing proportion of their lending on to base rate rather than fixed interest rates. In present circumstances, they are tending to require a base-rate linked contract for anything more than a three-year loan. With rates falling, however, it has been in the interests of the borrowers to accept a floating rate rather than a fixed interest cost, adding to the advantage that as the finance houses argue, it is possible for them to quote a finer rate on floating rate than fixed-rate loans because of the greater protection they enjoy from market movements.

Another significant trend reported by the finance houses is for an increasing number of company customers, particularly among the larger companies, to arrange lines of instalment credit with the houses. This provides them with a limit of credit, available for periods of perhaps 3 or 4 years, within which the borrower can complete individual transactions without the need to negotiate each borrowing separately.

Instalment credit is thus capable of presenting a flexible and adaptable method of finance for many industrial borrowers. Individual instalment credit contracts can be tailored to fit a wide variety of purposes either on their own or as part of a general package which may include other forms of financing from bank overdrafts through to the raising of long-term capital. The terms of lending including particularly the length of the loan and the structure of repayment arrangements can be made to accord with the nature of the investment involved and the equipment being purchased.

Companies continue to make extensive use of the facilities available for capital re-equipment. The funds are available to meet the demand in spite of the industry's recent problems the only qualification is that in current circumstances customers are required to make a specially good case for their proposals if finance houses are to put up the funds.

Michael Blanden

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Industrial profit ability in this country has been steadily eroded over the past decade and a half, and the most effective role that any Government could play in the provision of medium and long-term finance for industry would be substantially reverse to that trend.

The Government's contribution

THE MOST effective contribution any government can make to the provision of medium- and long-term funds for industry would be to make sure that industrial companies were able to sustain a healthy profitability record. A profitable and successful private sector is something to which both of this country's major political parties pay at least nominal lip service. In practice their actions, witting or unwitting, are something else. Taxation policies, Ministerial interventions on pricing and other matters have all played their part in the steady erosion of industrial profitability in this country over the past decade and a half.

Such figures as are available suggest that the average return on capital employed in manufacturing industry has been halved since the late 1950s. In the past year or two, rapid inflation, combined with severe price controls, has bitten heavily into real profitability and, with working capital needs rising sharply to meet stock appreciation, into liquidity also. In the long run the Sandilands report on inflation accounting could help if it leads to more realistic accounting in the company sector. A problem is more likely to be tackled once it has been exposed for all to see. But the influence of more realistic company accounting on Government policies towards that sector is likely to materialise—if at all—over a fairly long period.

In the meantime the figures now appearing in the Government publication, *Financial Statistics*, indicate how far industry's financial situation has been debilitated by recent measures. An analysis of 65 manufacturing companies whose accounts have been published since April, 1974, shows that, while they were still achieving what could be said to be a fair measure of profitability in conventional terms—either as a percentage of turnover (about 10 per cent. on average) or in relation to the book value of capital employed (about 20 per cent.)—post-tax profit retentions and depreciation provisions were sufficient to finance only 46 per cent. of the year's capital requirements, barely half the degree of self-financing which most manufacturing companies have been accustomed to in the past.

The same source contains estimates for the whole industrial and commercial sector in 1974. By that year, undistributed income retained in the business met only 54 per cent. of the sector's total requirement for additional working capital, new investment, and asset acquisition. In 1972, the proportion had been over 70 per cent.

Appreciation

The change in the tax treatment of stock appreciation has helped to stave off some of the worst pressures. The easing of raw material prices has also helped, to the extent that lower commodity prices show through the exchange rate. But market factors are now the principal deterrent to price increases in many sectors, and this will inhibit attempts to restore a better level of profitability, irrespective of whether the Price Code is eased or lifted (which still remains problematic). It is true that the Government has demonstrated political courage in insisting upon a phased return to commercial pricing in the nationalised sector. But the rot there had spread so deeply and the need to restrain the growth in the public sector's overall borrowing requirement had become so urgent that some kind of action was unavoidable. Last year the self-financing ratio of the entire public corporation sector fell to zero: the whole of the year's capital requirements were met either by borrowing or by price restraint compensation and other grant payments from the Exchequer.

It is hardly surprising that industry's state of debilitation should arouse calls for the State to step in and provide the funds that are needed. But it is the erosion of real profitability that has reduced industry's ability to self-finance expansion and the "regeneration" of its assets and which has made it less attractive to the financial institutions. It is also low profitability, coupled with the long background of uncertainty generated by the British experience of "stop-go" and the present rather dubious growth outlook, which has made for low or declining new investment.

The idea of the State providing funds for the private sector of industry is not new. But until recently it has been largely confined to particular, and in some cases highly specialised, objectives. State support for regional development can be traced back to the 1930s and the present range of grants, loans and revenue support payments (like the Regional Employment Premium) account for about a quarter of the £2,000m. or so a year which is now channelled to the private sector under the trade, industry, and employment vote.

State support for technological research and development also has a fairly long tradition stemming from the early post-war period. But it is still the aero-space and nuclear industries that receive the lion's share. Support for industrial innovation in other industries absorbs only a fifth of the £177m. (at 1974 survey prices) provided this year.

In more recent years State support for various industrial objectives has grown, but they all tend to be specialised. The examples range from tourism and shipbuilding to export promotion, the financing of export credits, and policies to improve the workings of the labour market. It is really only since the 1972 Industry Act—that monument to the last Conservative Government's celebrated "U-turn" when it became worried by the rise in unemployment—that the State has stood ready in any formalised way to act as lender, or aid-provider, of last resort.

Even so, the use made of the powers to grant selective assistance to industry both in the assisted areas and elsewhere has been much more limited than had been bruited when the Bill was going through Parliament. This may have been because the terms on which loans or grants could be offered, even in the assisted areas, were fairly prudent. It may also have been because the existing financial facilities which a moderately successful company can tap are much less deficient than many people like to make out.

We now have, however, a new Industry Bill which is designed to push the State role a lot further. It is still before Parliament—we do not yet know how many more amendment may be made—and we are still awaiting the Government's guidelines on how particular aspects, such as the National Enterprise Board and planning agreements, will be expected to work in practice.

Objectives

But the Bill clearly suffers from being made to embody too many disparate Labour Party objectives. It extends the 1972 powers for the provision of selective assistance to industry and removes most of the restrictions contained in that Act; it sets up the NEB to extend public ownership in the private sector; it indicates the idea of planning agreements as a new kind of "tripartite partnership" between industry, Government, and trade unions; and it attempts to force through a wider measure of joint consultation in industry by requiring companies to disclose more of their activities and plans.

On the first point—selective assistance—the State role will still be passive. It will be up to "lame duck" and other companies to decide whether to apply for assistance. But the NEB is to have a more active role. It will take over the existing State holdings in Rolls-Royce (1971), ICL, machine parts, scientific instruments, and so on, and it will use its £700m. (eventually £1,000m.) endowment—the Treasury permitting—to take over or buy its way into other companies in the private sector. One would like to think that the NEB would have regard to the example of *Statsfoeretag*, the Swedish State-owned holding company, which has spent its first four years turning round the 30 assorted businesses it took over from direct Government control and refusing to buy its way into other industries until it had first sorted out and made profitable its original inheritance. But one doubts that the NEB will be permitted so limited and prudent an ambition.

Colin Jones

Leasing catches on

LEASING has traditionally been a "low profile" and little understood means of finance. Until very recently the fact that it was relatively small scale and rather complicated tended to leave it on the financial sidelines, both as far as the Government and fund-seeking companies were concerned.

However, this situation is changing rapidly, and the most noticeable features in the leasing field over the last couple of years have been its resilience in adverse circumstances and the fact that the Government is taking increasing note of leasing as its importance in an under-invested economy becomes more and more apparent.

In fact, according to the Equipment Leasing Association, whose 34 members account for over 90 per cent. of the leased assets in the U.K., Britain's leasing industry transacted a record volume of new business last year and now accounts for 7 per cent. of all U.K. capital spending.

According to the ELA, the original cost, before grant, of leased assets owned by members of the association at the end of 1974 was close on £1.1bn., which represented a jump of £317m. on the figure at the end of 1973. For 1972 and 1971 the figures were £516m. and £402m. respectively.

Rentals last year, at £222m., were almost twice the level of 1972 and getting on for three times those of 1971. Net receivables at the end of the years 1971 to 1974 were, in order, £284m., £339m., £523m. and £716m.

The appeal of leasing as a form of medium-term finance is not restricted to companies of any particular size and leases range from the off-the-shelf deal for office furniture or catering equipment to enormous consortium deals involving many millions of pounds for ships, aircraft and equipment for the oil industry.

Subsidiaries

The major clearing banks all have large-scale leasing subsidiaries. The Midland has Midland Montague Leasing; the National Westminster owns Lombard North Central; Lloyds does its leasing business through Lloyds Leasing; and Barclays through Barclays Export and Finance. All of the merchant banks have major leasing involvements, while the big finance houses like Mercantile Credit and United Dominions Trust have always been leaders in the field. On top of these there are specialist companies in areas such as computer, container, and office furniture leasing who can offer highly specialised knowledge over a limited range of assets.

Leasing is essentially similar to other forms of borrowing, such as bank loans and hire-purchase agreements, in that it is used to finance the purchase of an asset. However, the big difference is that it is the specific asset rather than the money which is borrowed under a lease. The ownership of the plant or equipment chosen by the lessee always remains with the lessor, who receives a series of rental payments from the lessee over a specified period.

Within this broad framework there are two main types of lease: the finance lease—sometimes known as the full-payout" lease—and the operating lease. Under a finance lease the lessor recovers both his capital outlay and his profit in the initial period of the lease, known as the "primary period," whereas under an operating lease the profit of the lessor depends on the sale or re-lease of the asset once the primary period is over. With full-pay-out leases it is the lessee who is responsible for the maintenance of the asset but in some operating leases, such as those for cars or trucks, the lessor may offer a much fuller maintenance package including features such as servicing and replacement vehicles. Operating leases of the type mentioned above have gained considerable popularity over the last couple of years, although the line of distinction between this kind of lease and contract hire is nebulous.

In the past leasing has tended to lead something of a parasitical existence on the periphery of finance legislation. Its main impetus came with the introduction of 100 per cent. first-year capital allowances, which were intended to encourage investment. If a company were unable to take the allowances in the first year, because of insufficient taxable profits, it could carry them forward. However, this represented the prospect of a loss of revenue in real terms in an inflationary world.

Forecast

This was where the leasing company, with sufficient tax cover, could step in and take the allowance, along with any grant, and reflect these in the rentals which it charged to the lessee. This meant that the net cost to the lessee could be less than under a straight borrowing agreement and also that cash flow could be more accurately forecast since rentals, and their timing, were known in advance.

The tax aspect tends to be less emphasised by lessors at the moment. One reason for this is that a great deal of capital cover has been used up or has simply disappeared with the current recession. However, the ELA also rightly points out that although our own generous system of allowances does not exist in either the U.S., France or Germany, nevertheless, leasing continues to flourish in those countries, and that there is a place for it in the U.K. regardless of the tax system.

This was one of the arguments in favour of leasing put forward in a paper "The Special Attributes of Leasing," which the ELA submitted to the Department of Industry in February. The association's main argument, however, was that leasing enabled capital assets to be acquired by revenue expenditure. The ELA has always pointed out that leasing reduces the need to tie up capital in fixed assets. Nevertheless, there is always the need to repay as under other forms of borrowing or hire purchase agreements, and leasing is no less a form of gearing on profits for the fact that it does not appear on the balance sheet.

The ELA has had its work cut out recently to put its members' case with regard to a number of complicated pieces of current and proposed legislation, including: changes in corporation tax; the feared—but in the event unrealised—horrors of multi-rate VAT; counter inflation legislation; the Consumer Credit Act, and the Industry Bill. However, in most cases the association seems to have been successful in putting over the point to the Government that leasing is a facility quite distinct from banking and instalment credit, and thus deserves special consideration.

Leasing has thus now fully established itself within the spectrum of financial alternatives which a company will examine when undertaking expansion of its activities.

Peter Foster

British issues have played almost no role in the very strong of revival the Eurobond market this year after the slowdown last year. The sentiment among international lend ers is agains British paper, though there are a few signs that this may be changing for the better

The Eurobond market

Whether U.K. companies participate later this year in the strong current upsurge in Eurobond issues is likely to depend largely on how world investors view developments in Britain's economic situation. Until very lately, no British corporate borrower had for more than a year tapped the Eurobond market—through which sums of up to $50m. or more are raised medium-term—although U.K. companies had been active there is the early 1970s.

Thus British issues have as yet played almost no role in the market's very strong revival in 1975 after the slowdown caused by last year's shocks, including the German Herstatt bank's collapse, troubles at Franklin National Bank and the secondary banking upheaval in London. The renaissance of this international market has, however, been dramatic, with inter*national syndicated debt issues* in the first five months of this year totalling $2.8bn., compared with only $788m. in the same period earlier, according to Credit Suisse White Weld records.

The absence until last month of British borrowers in this market since the $15m. issue early last year by Great Universal Stores reflects the lack of enthusiasm which has prevailed for many months among international lenders towards British paper. In the creation of this sentiment, the U.K.'s steep inflation rate, the persisting balance of payments deficit and doubt over the outcome of the Common Market referendum have played their part. The trading and cash squeeze problems which last year hit industrial and property companies—and which have been only partly relieved since—have been other influences.

Recently, though, a new issue, and one which could prove significant for future trends, has been launched on the Eurobond market by a British corporate borrower in the shape of Barclays Bank International's $50m. of 7-year 9¼ per cent. capital notes. The *fact that the issue* has attracted a triple A rating from Moody's Investors Service New York doubtless recognises the international standing deriving from the widespread interests of the company, which is a subsidiary of Barclays Bank. However, such a high-rate classification for a British issue is bound to be a favourable factor for other top-level would-be British borrowers.

The good reception indicated for the BBI notes—which are thought to have aroused interest among oil surplus countries—is already encouraging discussion of similar moves by other British groups of the right status. At least one more such issue is believed to be now in the pipeline.

As well as BBI's success in re-opening the Eurobond market for British issuers, the "yes" result in the Common Market referendum is another factor often cited at present as probably helpful towards reviving confidence in British borrowers. Uncertainty about the outcome of the vote had long been recognised as one element contributing to investors' shyness of British paper.

Largest

Nonetheless, it seems certain that only the largest British corporate borrowers, with the best-regarded names—and substantial overseas business—will be able to tap the Eurobond market for some time to come. The days are clearly over, at least for the present, when the smaller companies and property concerns, who borrowed in the early 1970's could do so successfully.

However, Imperial Chemical Industries' recent successful $100m. issue in the U.S. domestic market is a pointer to what can be currently done by a major British-based international group. It is fair to reason that what will appeal in the larger North American home market — where $50m. would be the probable minimum acceptable size of issue—would also do so in the smaller Eurobond market, curently handling new issues only up to some $50m. or a little more.

Issues of Eurobonds, which are quoted marketable securities, are only one means of tapping the very large volume of internationally moveable cash available for investment which is popularly labelled the Eurocurrency market.

An alternative, and more extensively used, method is through the raising of Eurocurrency cash in the form of syndicated bank loans which, unlike bonds, are unquoted, and which a number of London merchant banks specialise in arranging. By contrast with the bond side, this market did not become completely inaccessible to British company borrowers for long periods in the difficult 1974 era, though conditions were certainly troubled in the depressed conditions late last year.

There has now been some revival, though in this field also much depends on confidence. Here too those which can best borrow are large companies of high standing with international interests.

For the right cash-raisers, borrowing through Eurocurrency loans syndicated among a number of banks—in dollars, Deutschemarks, Swiss francs or Dutch guilders—can be readily arranged and the amounts may be substantial, certainly up to at least $50m.

But after last year's tremors, this is still very much a lenders' market and its capacity remains more restricted than in the boom days of the early 1970's. This means shorter periods for the loans, which are usually now limited to five years or perhaps a little longer, against 12-15 years not long ago. Lenders also look for more extensive assurance from borrowers on a range of aspects and are displaying a greater taste for seeing the cash used on known, identifiable projects.

Then, the margin of interest charged over the basic interest rate—normally the three-month or six-month inter-bank rate—to which these borrowings are geared remains considerably wider than previously. Whereas the added margin narrowed to only ¼ per cent. some years ago, now at least 1-2 per cent. over the basic rate—perhaps 1½ per cent. for a high-class borrower—is expected. Unlike Eurobond issues, where interest is at a fixed rate, that charged on syndicated Eurocurrency bank loans is adjustable every three or six months.

In this way the lending banks limit their own risk, since the tendency is for them to borrow to finance the lending, and then re-borrow at a currently going rate after the appropriate interval. Whatever interest rate is payable by them is thus effectively passed on, plus the agreed margin, to the borrower.

This of course means that the company receiving the loan has no foreknowledge of its prospective future costs in interest on the loan, which will fluctuate with changing market circumstances. To some degree, the arrangement is like having continuous short-term borrowings, though of guaranteed amount for an assured period.

For companies contemplating Euro-finance, it is very desirable that the borrowings should be closely linked with expenditures abroad in the same currency of a kind which will generate earnings, to service the loan. Financing of overseas operations in this way is the type of purpose for which credit of this nature is normally used.

In this way, an effective safeguard is provided against the exchange risk of the operation, a very necessary precaution, as it has proved, in the past few years *when the pound has* dropped so much against other currencies. There have been some awkward instances of British companies borrowing in specially hard currencies, such as Swiss Francs, to finance home expenditure, only to find servicing costs rising dramatically as the exchange rate moved against them.

Lenders also tend to look fairly insistently for some matching of the currencies of expenditure and borrowing, as an extra assurance that their loan will be properly serviced.

For treasurers of British companies with an international business, Eurocurrency finance can undoubtedly offer a useful supplement to domestic sources of cash-raising. It can also be a cheaper method of borrowing than those at home in present circumstances. But its availability is restricted to those who can satisfy discriminating lenders that the borrower is of such a standing, and has such plans to use the cash in such a way as will assure proper repayment.

Margaret Reid

INTERNATIONALLY SYNDICATED DEBT ISSUES
($U.S. million equivalent)

	Straight debt first 5 months 1974	Straight debt first 5 months 1975	Convertible debt first 5 months 1974	Convertible debt first 5 months 1975	Total issues first 5 months 1974	Total issues first 5 months 1975
$U.S.	427.0	836.0	85.0	45.0	512.0	881.0
DM	36.7	1,111.4	—	—	36.7	1,111.4
Dfls.	79.3	385.2	—	—	79.3	385.2
EUA	76.4	151.6	—	—	76.4	151.6
EURCO	67.9	—	—	—	67.9	—
FF	—	124.3	—	—	—	124.3
KD	—	53.8	—	—	—	53.8
NKr	—	45.0	—	—	—	45.0
$Can.	15.6	34.4	—	—	15.6	34.4
	702.9	2,741.7	85.0	45.0	787.9	2,786.7

Source: Credit Suisse White Weld.

The contribution of British borrowers to the recent upsurge in Eurobonds activity has been minimal—as indicated above.

While exporters may complain about details, they have little to grouse about concerning the level of subsidised service provided through the Exports Credit Guarantee Department

Sound back-up for exports

IN THE CAPITAL goods market where exporting requires medium and long-term finance, British industry has few grouses about the level of subsidised service provided through the Export Credits Guarantee Department. Grouse it does, about details, and with inflation at current levels and total uncertainty about future ones it is not surprising that industries which deal in contracts taking anything over two years to complete should argue that, despite this year's initiative to provide bonds covering 85 per cent. of the "second" 10 per cent. of inflation, that still does not equal the limitless ceiling on inflation cover offered by ECGD's French equivalent, COFACE.

But the truth is that the Government, mindful particularly of the expected drop in domestic spending programmes for heavy engineering in 1976, has gone about as far as it can. Indeed there are powerful arguments that it has already taken ECGD too far down the road to acting as an export bank offering dangerously unrealistic subsidies.

Three recent events illustrate the trend. Mr. Wilson on his visit to Moscow, announced that Britain had even undercut the French credit agreement with the Russians which had specified a 7.2 per cent. interest rate (inclusive of charges) for contracts over £40m. The British deal, with a maximum credit period of 8½ years for *contracts over £35m.*, went marginally below the French terms using an exclusive of charges formula. This came after an agreement Britain made with the U.S., Germany, Japan, Italy and France that 7½ per cent. be the minimum rate for five year-plus credits. Despite the British argument that it was merely matching French terms signed before the six-nation agreement, the U.S. for one, was angered at this escalation of the credit war.

Disapproval

The U.S. disapproval was increased because, at the same time, the Department of Trade was preparing its protection against inflation and performance bond package. The inflation cover involves contracts worth £2m. or more with manufacturing periods of at least two years. Apart from the 85 per cent. cover in the second 10 per cent. inflation band (the exporter or buyer covering the first 10 per cent.) there is a cash contracts arrangement giving 90 per cent. cover for increases over 15 per cent.

The performance bonds, for *which the main pressure from* buyers came from the Middle East, means that ECGD, while maintaining normal underwriting requirements, will make full support available on cash or near-cash contracts worth at least £20m. where bonds can not otherwise be raised. In addition, to aid consortium involvement in major contracts, ECGD, in cases where joint responsibility under a bond would prove difficult, would only take recourse on each individual company to the extent of its contract.

The third move by the Government, again seen by some as damaging international efforts to cool down the export credit battle, came with the April Budget. Major exporters welcomed, with some qualifications, Mr. Healey's provision of guarantees to provide pre-shipment finance, enabling banks to make progress payments during the construction period and thus easing the corporate sector's liquidity problem.

The sort of response to these generous offers to exporters can be gauged by ECGD, since the outlines on the cost-escalation cover were announced in late February, having been presented with 250 cases representing more than £2bn. in contracts.

Equally, ECGD is also dealing with applications for cover for performance bonds issued by banks in respect of contracts *worth some £500m.*

The extent of this response illustrates an administrative problem, quite separate from the main economic issue of whether ECGD subsidies have gone too far. ECGD is by no means structured as an export bank to promote national interest projects, a status which would imply an emphasis on speed and flexibility. It is a Government department set up to supplement the commercial insurance market by taking on the risks, often political ones, too large for the private market to bear.

The more recent role in providing generous arrangements to finance exports at concessionary terms has been added, and there is, perhaps, an in-built dilemma between whether *ECGD is there to insure exports* or promote them.

In any insurance agreement covering an export contract there are certain to be delays to annoy industrialists and the volume of detailed work, by specialist staff in ECGD and clearing banks, done in this field is often underestimated. But there does seem to be a legitimate grouse that as presently staffed (a shortage of lawyers is often criticised) the wheels of ECGD grind exceeding slow. The diversion of a large proportion of its most experienced staff to work out details of the inflation, performance and pre-shipment arrangements, which the Government felt it had to announce at a point when there was still much implementation detail to be worked out, has made the problem worse.

Quicker

There is, naturally, singularly little proof of export orders actually being lost because of administrative slowness in securing ECGD cover. But one symptom of the delays is the way in which merchant banks—the two biggest in export credit finance arrangements are Lazards and Morgan Grenfell, with Warburg, Kleinwort Benson, Hambro, Schroder and Baring among *others* involved—compete for business with the promise that they have a quicker path through the ECGD machine than their rivals.

This competition is especially marked on buyer-credit arrangements, where a British bank lends money to an overseas buyer so that he need not demand credit of the exporter. The markets concerned can be gauged from a summary of all publicly announced ECGD buyer credits in the two years to December, 1974, in which 33 per cent. of these credits went to Eastern Europe, 11 per cent. to the rest of Europe, 21 per cent. to Latin America, 10 per cent. to North Africa, 5 per cent. to Black Africa and lesser proportions to South Africa, the Middle East, U.S., etc. The figures are a bad guide in Asia's 4 per cent. of the total buyer credits, for the quite large facilities to Taiwan and South *Korea are not announced* publicly.

Where the merchant banks compete, the clearers, through which all the money passes, have agreed to service their own customers. The work, to them, involves no financial risk, though there is some administrative risk involved and in the heyday of *fringe or foreign banks springing up in London* they lost many specially trained staff to the newcomers. That situation has eased now, and the exporting industries get considerable help, apart from pure finance, through advice from the clearing banks: National Westminster, for instance, has a team of specialist export representatives who, this year, are noting an increase in inquiries from "first time" exporters trying to protect themselves from recession in domestic markets.

Whereas the clearers started by being obliged to provide all export finance without subsidy, they now take on their own books amounts up to 18 per cent. *of their current account de*posits. Up to this amount they receive the 7 per cent. from the borrower and get a subsidy from ECGD up to the Observed Rate—representing the mean of the average yield on Treasury bills and the lending rate to nationalised industries—plus a margin, previously fixed at 1½ per cent., now variable so that it goes lower when interest rates are high. On amounts over the 18 per cent., and the clearers have now gone beyond this, the banks are refinanced by ECGD on the whole amount, though even on this money they still collect the committment fee of 1 per cent. paid by the buyer (there are also flexible negotiating and management fees). The commitment fees plus the attractions, in some periods, of the Observed Rate plus margin, have led other banks, including foreign ones, to think of trying to be allowed to accept such business.

That is, from the other side of the picture, another example of the costs of subsidising exports to the taxpayer. Particularly on the medium and long-term credit, the Government has gone as far as it reasonably can, *some would say further*, to encourage exports and prop the balance of payments. The nationally vital question now is whether industry can take advantage of this.

Quentin Guirdham

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Venture capital

IN THE PRESENT economic recession there has been a steady decline in the availability of new venture capital. Some of the institutions which had previously been active in a small way in the market have been totally inactive over the last 12 months. The four or five leaders in the field have been cautious lenders and have spent most of their time and resources nurturing existing clients rather than seeking to expose their portfolios to new risks.

It has been more difficult for start-up situations to get capital, but not impossible. Naturally, in times of economic and financial stringency, the venture capitalists are even more careful to assess risk—and more than ever want to feel confident in the management of the enterprise they are backing.

Poor presentation and lack of sufficient financial knowledge have always been the bugbear of entrepreneurs who consider they have a good commercial proposition but find it difficult to get backing. At Small Business Capital Fund (SBCF), the venture capital company whose major shareholder is the Co-operative Insurance Society, Jack Laybourne, the managing director, says that the flow of propositions over the past 6 to 12 months have slowed down, both in numbers and quality.

SBCF is being more cautious and is investing at a slower rate, he says. Over the past 12 months it has become involved in four new situations and invested just under £1m. It has also spent another half of that in existing clients, bringing its investments over the past 12 months to just under £1½m. "It is a very unsettling time, and the outlook is not encouraging," adds Laybourne.

As a rule, the company takes a minority equity stake which is often backed up with debt. These can be in the form of debentures and, in certain cases, the company allows the client to roll up interest charges for a year or two to allay any heavy financial burden—for the company is primarily interested in capital appreciation on its investment over five to eight years. Of course, as is the general practice in the business, the sale of its shares are normally made when it is also convenient for the majority shareholders. A sudden withdrawal of capital, especially at times like these, could bring down a small company.

Board

The last time the company reported it showed a portfolio of 18 companies at a cost of £4m. The equity stake it takes in a client usually varies between 25 per cent. to 49 per cent. and an SBCF representative will often have a seat on the client's board. SBCF is the minority in the business in having a policy of investing in start-up situations and also helping with rescue capital. Of course, those kinds of situations are rare to-day.

Over at Charterhouse Development, the chief executive, Richard Strong, says the company has not been investing for the past year since it has been understandably more involved with its existing portfolio.

But the company started advertising again for prospective clients in April and since then has been looking seriously at a number of situations. "Life looks a little better and we have become active again," he says. It is encouraging that over a period when some of the institutions which have been active in venture capital have withdrawn their support, Charterhouse Development has not reduced its staff.

It is difficult to point to any particular sector of the economy that seems the best bet over the next five years or so. Instead, Charterhouse looks at those companies whose managements have done well even during the difficult 12 months since last July.

At the time of its last report, the company disclosed a portfolio of 60 companies at a cost of £6m. Most of that is equity and, like SBCF, it also takes a seat on its client's board. The size of its investments varies from £50,000 to £1m. and the ideal type of client it is looking for is a mature and swiftly growing company. The average term of its investment is between 5 and 7 years.

The biggest venture capitalist in the field is ICFC (Industrial and Commercial Finance Corporation) which also operates through its subsidiary, TDC (Technical Development Capital). There, Peter Folkman, a senior executive, notes that there have been several client companies that have carved out small niches in important markets.

Coping

These companies, he says, have not been hit by the economic recession. The most important criteria to him is how well management has coped in seeking such niches and in coping with the stresses of the past year or so.

In the new economic scene, marginal situations that may have been considered a few years ago are now totally unattractive. And even start-up situations have become difficult to finance. One reason is that because of higher interest rates, the risk factors have changed and people expect a return in a shorter period.

But with its larger resources, TDC will be continuing to invest in suitable clients and over the next year there may be the same number of new investments, although perhaps on a lower scale. "There are unlikely to be any really big investments," says Folkman.

Although it is difficult to separate the ICFC investment and the TDC investments in terms of venture capital, Folkman points out that in 1975 probably around £1m. will be invested by TDC. This compares with about £1½m. last year and £1¼m. in 1973. At the time of its last report TDC had a portfolio of 100 companies costing £7¼m.

Roy Levine

New issues revival

TOWARDS the end of last February Ranks Hovis McDougall announced a £16m. rights issue—the start of a burst of fund raising activity on the stock market which has seen scores of companies asking their shareholders for cash. The previous record annual total dating from 1972 of £680m. raised by the issues of new equity by listed U.K. public companies has already been comfortably surpassed in the four months since RHM started the ball rolling.

The largest single amount raised this year has been the £52m. subscribed by Midland Bank shareholders, but several insurance companies have raised over £40m. each. This means that financial companies have absorbed a disproportionate total of recent new capital issues—around a third—but all sorts of other companies have been able to tap the market, with engineering companies and food manufacturing firms well to the fore.

From talks with merchant bankers and brokers it would seem that the rights issue wave will continue for months ahead, market conditions permitting; the recent setback for the equity market, however, has made underwriters a little more fussy about the terms on which they will support issues.

Forthcoming issues have to be cleared with the Government Broker who, on behalf of the Bank of England, ensures an orderly flow by maintaining the so-called queue. This now stretches through September and issue sponsors are not always able to pick the date they wish in October. Companies raising under £3m. do not have to bother with the queue. At the other end of the scale, those asking for large sums are at present being restricted to two days each week, following the congesting that threatened to damage the market in March.

All this presents a dramatic contrast to the conditions obtaining a year ago. New issues in 1974 ground almost to a halt in the face of the dismal market slide. Only Commercial Union managed to break through the barrier with a large rights issue, at the cost of considerable damage to short-term sentiment.

Total issues of all kinds in 1974 reached only £109m., the lowest aggregate for many years. Ordinary share issues amounted to £120m. (actually better than the £76m. recorded in 1970) but the poor overall total resulted from net redemption position reached in fixed interest securities.

It is important to bear in mind that the resurgence of the new issue market in recent months has applied exclusively to rights issues of Ordinary shares. The long term bond market has remained almost entirely dead; only the whisky distilling group Arthur Bell has issued a straight Debenture stock—£3.5m. of 16½ per cent. stock — and even that is not being quoted: It was part of a funding package which included the inevitable equity rights issue.

Meanwhile the new flotations scene also remains very quiet. With one or two minor exceptions industrial companies have been reluctant to seek quotations for over 18 months. Two recent flotations—of Clive Discount (sold off by Sime Darby via an offer for sale) and stockjobbers Akroyd and Smithers (via an introduction) — have concerned specialist City operations.

However, there is no doubt that the City institutions have a sizeable appetite for high quality industrial and commercial shares. There have been large secondary placings in recent months of shares like British - American Tobacco, Mothercare and Johnson and Firth Brown.

The rate of new equity flotations can be relied upon to recover in due course so long as the equity market makes reasonable progress over the months ahead. But it is not possible to be so optimistic about the revival of the long term corporate bond as a widespread financing medium in the U.K. Those U.K.-based international companies which can tap overseas bond markets are in a very special position; groups like ICI, Distillers and Barclays International have raised fixed interest money in the U.S. and Europe in recent weeks. But domestic U.K. companies are being squeezed out by the rate of inflation.

It is not quite true, as some companies complain, that the cash is not available—many institutions would be happy to take up bond issues, as Bell discovered. The real point is that the required interest rates would be higher than most companies can contemplate. To a large extent companies are being (to use a fashionable phrase) "crowded out" by the Treasury and local authorities, which have massive borrowing requirements and are currently paying anything up to 15 per cent. for long-term bonds.

Company finance directors are finding it an impossible dilemma. In a sense, money at (say) 18 per cent. would be cheap if inflation continued to roar ahead at recent rates. But this is more than the historic rate of return for many firms, and should any of the recurrent Government proposals to bring inflation under control bear fruit the burden of servicing such high coupon debt might become crippling—especially in the slump conditions, which would probably prevail after an effective counter-inflationary economic package.

Some companies have toyed with the idea of index-linked bonds, but these might be dangerous while the Price Commission is still employing historic cost accounting, and in any case the Bank of England is defin-

CONTINUED ON NEXT PAGE

The nationalised industries

ONE POLICY which the present Government has embarked on more or less ever since it entered office last year has been to restore the nationalised industries to a position of financial rectitude. The task has been both thankless and difficult. It takes time for price changes to be prepared, approved by the Price Commission, and implemented, and even longer for the revenue benefit to be felt. Even now it is touch and go whether Mr. Denis Healey's latest hope of phasing out compensation payments for price restraint by next April will be achieved.

After all, it is now the best part of a decade since the major public corporations have been subjected to a more or less continuous restriction upon their pricing policies. There was a brief period in the latter 1960s when a measure of "freedom" (and in the public sector of industry that word is relative) was restored. But it did not last long. Indeed, Ministerial pressure on nationalised industry prices was one of the instruments Conservative policy makers had in mind when they wrote about reducing the rise in prices "at a stroke" before the 1970 election and this particular policy was put into operation some time before the private sector was requested to fall in with the CBI's initiative on prices in 1971.

By March last year the debilitation of nationalised industry finances had gone so far that restoration of commercial pricing was bound to take some time. Once the level of prices has fallen behind the level of costs, the gap cannot be easily or quickly closed, and this is even more true at a time when costs are escalating rapidly. Pricing below economic cost may inflate demand, demoralise management, and lead to a distortion of investment resources.

But to push up prices faster than the rise in prices generally can deter demand and lead to diminishing returns. This is true to some extent or other of all the major nationalised industries but it probably applies particularly to the Post Office, British Rail (which remains a special case in the Healey policy), and the Steel Corporation. It could yet be true also of coal—and perhaps of gas and electricity.

Then there is the current state of the market to consider. Demand is down all round and this has already induced the Steel Corporation to introduce selective reductions in its price schedules. The Post Office and the railways are equally vulnerable to cyclical demand pressures—and in the medium run so are the three fuel industries.

It was apparent to any diligent observer long before the Chancellor embarked upon his present 'phasing out' policy that the rot had gone very deep. Ignoring price restraint compensation—which we will come back to later—the six major nationalised industries had run up an aggregate loss, after providing for depreciation and interest payments, equal to about 8-9 per cent. of their turnover in 1973-74. On unchanged policies, the loss would have amounted to about 20 per cent. of their combined turnover in 1974-75.

In the event, price increases equal to some £1,200m. during the course of last year cut the loss to the equivalent of about 5 per cent. of turnover, and with further price increases this year the rate of loss will, hopefully, be reduced to about 1-2 per cent. of turnover in 1975-76.

Officially, it has been argued that the difficulties created by this degree of under-pricing have been met by the practice (since 1973) of paying the nationalised industries compensatory revenue grants. But even from the point of view of the industries themselves, this is valid only up to a point. The basis of the grants has been the loss they actually incur on their books at the end of each financial year rather than the total amount of revenue they have been obliged to forgo.

This inevitably reduces the internal funds available for financing new investment—and thus increases the industries' borrowing requirement and the future burden of debt servicing. From an Exchequer point of view, too, sub-economic pricing in the nationalised sector, with or without compensatory transfer payments, adds to the overall public sector borrowing requirement and thus mortgages funds which might be used elsewhere (or left in the pockets of the taxpayer).

The point is underlined by the latest available official statistics. The funds available in the nationalised industry sector for the self-financing of capital requirements had been declining steadily from 1969 onwards—if price restraint compensation is set aside. By 1974 the sector's gross surplus, before compensation, had more or less totally disappeared. In other words, by last year new investment, stock appreciation, asset acquisition, and additional working capital requirements were being financed almost entirely out of borrowings or Government grants. The customers contributed the magnificent sum of £12m, or about a third of 1 per cent. of the combined capital requirement. The financial debilitation of a major industrial sector could hardly have been pushed further.

Quaint

The situation is exacerbated in the public sector of industry by the quaint tradition that public corporations should operate on a capital debt consisting entirely of fixed-interest money. Up to a point this tradition may be defensible in the case of the utilities. But it is hardly appropriate for steel (which has been given a partial exemption) and it would certainly not be acceptable for the new publicly-owned industries the present Government plans to establish.

It is true that the nationalised industries have been given a modest measure of greater flexibility in capital financing in the past two or three years. It has been made easier for them to go the market for short and medium-term finance and they have been positively encouraged to borrow abroad. In the past two years, the nationalised sector has raised about £850m. a year from these two sources, or about 30 per cent. of their total capital requirement and just over half of their total borrowing needs.

But these are still only loans and the underlying point is unaffected. Bank and overseas borrowing may be marginally cheaper but the nationalised industries remain vulnerable not only to having to pay out a fixed interest burden in good times and bad but also to the cyclical movement of interest rates. Borrowings from the National Loans Fund mature all the time and so do tranches of the original nationalisation stock that are still outstanding, and in the past few years replacement borrowings have cost a great deal more than the maturing debt.

At the present time, of course, any alternative system of capital financing in the nationalised sector is out of the question. Quite apart from the difficulties posed by political dogma, no fundamental change could be envisaged so long as even the better placed industries — like gas — have such a chequered profitability record. Even if the Chancellor is able to sustain his policy of restoring commercial pricing through the present economic situation, there would still be the question mark posed by the tradition of Ministerial intervention in other aspects of the industries' affairs.

In a sense, this is a chicken and egg issue. A degree of private financing of the State corporations (as in Italy and the French sociétés economie mixte) would undoubtedly inhibit excessive Ministerial involvement, yet private involvement would in turn be inhibited by the fear of such involvement. But there could yet be hope. The Chancellor's approach to State industry pricing has now been followed by a Treasury promise to try to avoid using State industry investment as a counter-cyclical weapon. We have of course heard all this before—in the late 1950s and early 1960s. But the objective is still eminently worth striving for.

Colin Jones

Life assurance a major channel

LIFE ASSURANCE has for many years been a very important investment vehicle for the medium and long term savings in the personal sector in this country. The growth of pension provision through private funded occupational schemes since the war is now providing a major source of funds for investment over the very long term.

Despite what has been said by certain politicians and trade unionists, these funds have always invested over the medium and long term part of their portfolios in industry. The amounts may have fallen off over the past two years for reasons discussed later, but investment in industry has been one of the outlets for the funds.

The main source of investment money within life funds, excluding their pensions business, arises from the savings contracts sold to individuals. The minimum term of such contracts is 10 years, but they can be for varying periods. So the investment managers of life funds are seeking investments *with terms at least 10 years.* In addition they have to match their investments with the liabilities arising under these savings contracts—the traditional with-profits endowment assurances and the newer unit-linked contracts in the managed funds.

This latter concept means that the investments held against a particular set of liabilities should be redeemed when the policies mature. Thus the investment manager is seeking investments over the medium and longer terms to match the term of his fund's liabilities.

Yardstick

The principal investment vehicle for life fund investment managers is gilt-edged stocks and the yield obtainable on these forms the yardstick by which the return on other form of investment is measured. The means by which life funds invest in industry cover most of the ways in which money can be raised—fixed interest debentures and unsecured loan stock, equity investment, mortgages and direct property investment.

Debentures and unsecured loan stock in normal times have been popular investments for life fund managers. The length *of the debenture or loan stock* —usually 20 or 25 years—have fitted in with his matching requirements and the lack of marketability of such stocks, even though they often had a stock exchange quotation was not a large drawback. The manager was usually content to hold the stock until redemption.

Life assurance contracts are guaranteed in money terms so the investment manager needs to hold a considerable portion *of his portfolio in fixed-interest* dated stocks to cover these liabilities. Industrial debentures and loan stocks fitted in with his requirements. The coupon payable on the stock was related to the yield obtainable under a *gilt for the corresponding term,* being one or two percentage points higher to compensate for the greater risk involved and the lack of marketability compared with a gilt-edged stock.

As far as industrial companies are concerned this type of financing was quite acceptable in normal times. The servicing of the stock was a prior charge of profits a useful feature under a corporation tax system and being fixed in money terms had a useful gearing effect as future profits rose. Debentures and loan stocks form part of the permanent financing arrangements of industrial companies.

One significant feature of life *company investment since the* war has been the increasing proportion of their funds invested in equities. This has been facilitated by two factors. The first has been the increasing popularity of with-profits business and the bonus-loading element contained in the premium has enabled the investment manager to invest in equities to obtain growth from which to declare the bonuses. The other factor has been the increasing size of the free *reserves of the funds which has* provided a safety net for the manager should the market turn down. The need for this safety net was amply demonstrated last year when the equity market collapsed.

Equity investment in industrial companies has always been popular with investment managers providing the prospects of growth have been good. This latter point is an essential feature in any equity investment, industrial or otherwise. But the prospects have to be good before the manager will invest—no manager will invest hoping that conditions will turn out all right.

As far as investment in industrial property is concerned, the investment manager has several methods available to him. He can invest in mortgages on the property, both new and existing. This is a fixed interest investment very similar to debentures except that it is unmarketable and there is usually a one way option against the life fund over repayment.

Then he can invest in property by means of a sale and lease back of certain properties. Under this arrangement, the industrial company sells a specific property to the life fund and leases it back from them. This unlocks the asset value of the land and building to the company. Finally the life fund can involve itself directly in the investment of industrial property both by buying existing buildings or by being involved in the erection and development of industrial sites.

The pension fund manager *has somewhat different requirements.* Pensions are linked to final salary now, and are often revalued in line with the prices index once they become payable. So the liabilities are very long term and rise with wage and price inflation. The manager will therefore require investments that are essentially long term growth investments. Equities and property investments are the vehicles that mostly fit these requirements. The pension fund portfolio could have as much as two-thirds of its investments in these holdings.

Rampant

Under conditions of rampant inflation, high interest rates and falling stock markets, however, the investment manager and the finance director of industrial companies are under considerable strain in aggreeing conditions under which the *former* will invest. The investment manager has to base his terms on long-term gilt-edged yields which even now are 15 per cent. These terms could spell ruin to the industrial company if interest rates fell dramatically.

So while conditions remain unsettled and interest rates remain high, the industrialist is going to keep his borrowing on as short a term as possible. *The Finance for Industry loans* are on a seven-year basis. The life company manager has to meet his liabilities and can only put a certain portion of his funds in seven-year investments. Pension funds, however, are not interested in investment for *such* a short period.

Certain Government and trade union spokesmen have argued very eloquently for the direction of life and pension funds into investment in the manufacturing industries. This is their latest recipe for getting industry back on its feet. But, as the outgoing chairman of the British Insurance Association, Mr. A. Macdonald, said last week at the Association's annual Press conference, if the Government gets the economy right and brings down the level of inflation so that investment can show real returns, the medium and long-term funding requirements of industry will be met.

The life and pension funds have supplied about one-half of the funds raised in the recent flood of rights issues. This gives an illustration that the market procedures work given favourable conditions. Life and pension fund investment managers are acting as trustees for savings of the millions of policy holders and members. Their investment strategy must always take account of the security of their money and the maximising of the yield subject to that security.

Eric Shor

The merchant banks

IN HISTORIC TERMS, merchant banks have their roots in trade rather than industry; and in the recent past they have faced most conceivable problems in the market crash, problems that hit much beyond those fringe banks using purchased deposits to finance property development. A period when even the best run, most prudent merchant banks have often reduced their *liabilities* and cut new advances to the minimum is not a time when they are, on the face of it, of much help to industry looking for medium and long-term finance. With most balance sheets shrunk, what advances can be made are often reserved for old and valued customers who, quite likely, need them desperately to keep afloat.

But the main role of the merchant banks in industrial lending *has not, for a long* time, rested with lending off their own book. Their service is in advice and the finding of money.

Upturn

With the disappearance of other sections of their business, for instance new issues and, to a large extent, mergers and takeovers, the merchant bank staffs, who are nothing if not flexible, have lately given much time to talking, to both customers and lenders, about the financing problems facing British industry should it reinvest in this recession with a view *to a future* upturn.

In this sense the merchant bankers are on the side of the angels, even in the Energy Minister's terms. They have played a major role in trying, often with success, to persuade clearing banks and others to take a less nervous view of company gearing. It is possible that there will be a sharp upturn in demand for their services in the second half of the year if those companies which have been to the market for rights issues follow the logical course of increasing medium and long-term borrowings on their enlarged equity bases.

The pressure to find sources of *fresh money in a poor economic* climate will be formidable, with the clearers progressively entering the market direct and also penalising these companies using overdraft facilities as, in practice, medium term loans, by *charging on the "core" of* overdrafts at 1 per cent. The Marley financing deal with Barclays, for £10m. over five years at 1¼ per cent. over base for the first three years and 1½ per cent. for the next two is a sign of the competition.

The merchant banks would argue, with some justification, that in arranging such loans the clearers, despite the advantages of current account inspection, have less experience of taking a *forward* view of company financing problems. Whether a merchant bank favours the sector approach, concentrating on a few industries, or simply the long and close personal relationships with clients, it would *claim to offer greater* sophistication in the tailoring of terms to suit the projected cash flows from the investments involved.

But apart from this advice aspect, the development of the merchant banks' role in provid*ing term finance for industry* must largely depend on what size and shape they finish up in over the next year or so. There is an increasing agreement that the long mooted idea that the banks should grow much larger if they are to survive, possibly by mergers between themselves but more likely by taking on heavyweight "big brothers," will come to reality soon. Perhaps the Warburg-Paribas model is the one most likely to *follow, since* the Bank of England has relaxed the foreign ownership of an accepting house ban for Common Market banks while keeping it for others (as in the Brandts exit).

There *is also the lively possibility of further arrangements* for Arab involvement, as in the Edward Bates shareholding, and it is from the Arabs that the London merchant banks without Israeli connections are hoping *to fulfil much of their vital* role of finding new sources of funds. There has been increasing interest *from* Arab countries in taking minority stakes in British industrial companies and the merchant banks concerned *to see medium* term loans as an obvious part of the package around an equity shareholding.

The other principal route through which merchant banks are finding term money for industry, apart from the revival of the Eurocurrency markets, lies in the clearing banks' merchant offshoots. Midland has brought its expertise in Montagu and Drayton, where the National Westminster and Barclays have created their own new entities. *The longest established is* National Westminster's County Bank, the scope of whose activities is now well beyond that contemplated by clearing bank subsidiaries until very recently.

Negotiating

In providing term loans for industry, County Bank thinks it was virtually the only door to knock on in the dark days last year. In the nine months from last July it was negotiating about £100m. worth of term loans up to £5m. It reckons to lend another £70m. by Christmas and be negotiating £50m. more. Now there are others back in the market, its sense of competition, using its balance sheet muscle to break into the lucrative merchant bank ser*vices field, is keen.* Its reaction to the Barclay-Marley loan was to shade its terms more generously.

Its optimum client, County says, is the listed company where the gearing will not be *more than one-for-one after a* rights issue. If it has a Debenture already, then for security County will want to go *pari passu* with that floating charge. But the degree of flexibility is indicated by willingness to take equity stakes where gearing ratios demand.

Equally, the willingness to extend to 10-year loans, with perhaps no capital repaid over the first two, is a sign of the type of facility which industry *can expect direct from other* merchant banks should a fashion for size, rather than sticking primarily to the advice and fees philosophy, prove popular enough to change the structure of London merchant banking.

Quentin Guirdham

New issues

CONTINUED FROM PREVIOUS PAGE

itely not amused. Otherwise, Convertible Loan Stocks are still *possible,* and *have been* used in a few cases. But to an overwhelming extent quoted companies seeking long-term funds have fallen back on the straight equity rights issue.

A rights issue is normally arranged through a *merchant* bank, and shares are offered to existing shareholders in proportion to their holdings. A one-for-four or one-for-five issue is often the pattern, with the new shares priced at 20-25 per cent. *under the market price on the* night before "impact" day when the issue is announced and goes out to the many institutions who act as sub-underwriters. If the equity market goes into reverse, or if shareholders prove *reluctant to take up their rights* for other reasons, the sub-underwriters provide a guarantee that the cash will be forthcoming.

It is possible to arrange an *issue without underwriters if* the new shares are priced so far below the market level as to eliminate the practical possibility of the rights being without value. This can only be done if the market price is a *long way above the par value* —Croda International and Glaxo have taken this course in recent months. Another possibility is to take advantage of last year's relaxations in the rules of the Stock Exchange and to place *shares directly with new shareholders* — probably institutions. But this procedure is probably best reserved for special circumstances or for small companies with large family shareholders who do not have the cash to subscribe for rights offers.

Barry Riley

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SOCIETY TO-DAY

BY JOE ROGALY

Whitehall's unnecessary secrets

NEVER MIND what the Crossman diaries say the Cabinet talked about in 1966: what we really need to know is what the Government is discussing to-day. For while the late Mr. Richard Crossman's version of what his colleagues were saying nearly ten years ago is not without importance, the administration's current internal debates, both inside the Cabinet and within departments, are vital. Yet one of the special disabilities of our democracy is that by its very nature British government is secretive—so secretive, in fact, that proper public debate on the merits of important decisions *before they are taken* is usually very difficult and in some cases impossible.

It must be said at once that the courage and determination of the Sunday Times in standing up to the Attorney General's attempt to have the law of confidence extended to cover the uncensored recollections of former Ministers is something for which we should all be grateful. But what is of far greater immediate significance is the Court of Appeal's decision, taken with a clear eye for the public interest, on Friday afternoon. This leaves everyone free to publish any account of discussion in Cabinet, or any other information provided by Ministers or ex-Ministers, provided only that the material is unrelated to what is covered in the Crossman diaries.

"Fre to publish" is of course a strictly relative term. Before anyone could publish any such thing, as, say, a Cabinet paper on wages policy, it would be necessary first to obtain the material, then to have a long debate with the lawyers about the risk of prosecution under Official Secrets Act, and then to consider the political risk of further proceedings by the Attorney General himself. This has long been the situation in Britain, and a resolution of the specific quarrel about the Crossman diaries would not necessarily change it, either way.

We are all so accustomed to this secretiveness that most of us have learned to work with it. Many journalists and broadcasters are able to surmount it—if not all the time, then at least on those occasions when the interests of the official or Minister concerned coincide with the interests of a particular correspondent. Beyond this, some writers have developed an ability to discern what is happening in spite of all obstacles; as The Times pointed out in a leading article on Saturday, "Mr. David Watt published in the *Financial Times* . . . a long and excellent piece of analysis . . . he discussed, with evident knowledge, differences between Ministers on economic policy."

Again, over the past ten years or so successive Governments have felt obliged to pay at least some attention to the persistent call for more openness and free public debate. The "Green Paper"—a set of proposals for discussion, preceding a White Paper—is one result of this. The willingness to have the proposed Wealth Tax debated by a special committee is another. Mr. Wilson's recent "on-the-record" press conference on the Industry Bill could be said to be a third.

Proper airing

At least two of the "Think Tank's" reports have been published. The first, Lord Rothschild's "A Framework for Government Research and Development" (Cmnd. 4184, 1971), so angered the scientists—because it said that they should pay attention to consumer demand for research—that some civil servants chuckled to themselves at his foolhardiness. In fact Lord Rothschild was well able to look after himself in the subsequent debate, and a major change in public policy on letting contracts for research was given a proper airing. The second, on energy conservation, was published last summer when Mr. Eric Varley was Minister in charge—and I am told that he had to overcome a tremendous row with civil servants before they would acquiesce in the publication of this useful document.

But when all these positive points have been noted, and when all the long-standing "workability" of the present situation is acknowledged, the fact remains that anyone who stands back from it all must be appalled at the Ruritanian obsession of the administration with the "need" to keep everything "confidential." You would think that they were our masters, not our servants.

A pair of examples, one large and one small, will show what I mean. Take the small one first. A letter I received yesterday morning, quite out of the blue, concluded, "as I have some official involvement in these matters I hope you will forgive me if I do not sign my name to this note." Normally one takes no notice whatsoever of unsigned letters, but this is in what was once called "an educated hand" and it is expressed in the type of English, clear and precise, that goes with such a hand. The note is not about some monstrous Government secret. It does not give instructions about which oak tree should be climbed in order to find Mr. Harold Wilson's lost papers.

Mr. Richard Crossman: A resolution of the specific quarrel about his diaries would not necessarily change, either way, the risk of prosecution under the Official Secrets Act by the publication of other Cabinet papers.

All it does is make a simple comment on a recent article of mine about social security spending. It points out that if pensioners' incomes are calculated net of tax the increase in the net value of their disposable money is greater than it seems to be if the sums are done gross. Is there a functionary somewhere who feels that his job might be in jeopardy if he is discovered imparting such thoughts to the newspapers? Anyone who has dealt with the British Civil Service over as many years as I have will know that while some speak and act as confident individuals others are indeed as craven as this little story suggests.

The larger example is one that has my colleague Michael Donne much exercised. He reports that considerable concern is being expressed by British airlines at the way in which the present review of civil aviation policy is being conducted. On most previous occasions there was an inquiry set up by the Government, followed by a published report, which was followed in turn by a White Paper or a similar exposition of Government thinking. As a result there was considerable and extensive discussion both in Parliament and elsewhere. This was the pattern followed in 1938, in the debate leading to the creation of the old BOAC in 1940, and followed again more recently when British Airways was set up.

This time, it appears, a committee of un-named officials inside the Department of Trade has delivered a secret report to their Minister. The contents may never be published. There were discussions with the industry, but there is no telling what the officials have been thinking (or indeed who they all are). British Caledonian has no formal way of discovering whether it will be nationalised, absorbed into British Airways, or slowly strangled by withdrawal or truncating of route licences. The travelling, or taxpaying, or voting, public apparently has no place whatsoever in any of this.

Contrast

The contrast with Washington, to take one example, is instructive. Any journalist working on a newspaper or for radio or television can put in a telephone call to any official and expect a reply. It may be a little difficult to get through to Dr. Henry Kissinger (although in the end it is possible), but a call to a Department of State civil servant of rank equivalent to Permanent Secretary here will quite probably result in a courteous return call later in the day, while on the next rung down a reply is more or less a certainty.

Direct factual questions on such a call will elicit straightforward replies: a request to meet for a discussion of departmental policy will not be turned down out of hand. In Britain this is true of those correspondents who know the right people and are trusted by them: in the U.S. it is taken as a starting-point that information about most everyday matters of policy belongs to the public. They can keep their secrets when they have to, but they have few inhibitions about discussing the very wide range of subjects outside what is necessarily confidential.

Or take West Germany. In a report published in General Anzeiger over the week-end the following exchange is recorded:

Question: "But aren't there differences of opinion within the Cabinet on the implementation of this principle (that West Germany is ready to make financial sacrifices in the European cause)?"

The Chancellor, Herr Helmut Schmidt: "There are occasionally differences of opinion between the Finance Minister and the Foreign Minister in the discussion of European questions. This is really nothing sensational. . . ."

Nor is it in Germany. Any reporter would know about the "differences of opinion" from his frequent and free contacts with both Ministers and Civil Servants in the Ministries. After every Cabinet meeting the official Press officer, *who sits in on the Cabinet*, comes out to give reporters a precis of what happened, and to take questions. After major decisions the relevant Minister comes to the Press Centre to explain himself and give answers. In some cases he might bring a phalanx of Civil Servants with him. Yet the heavens do not fall: the D-Mark is solid while the pound tumbles.

In recording all this I should add that I am not making a personal complaint. Within the limits imposed on them by years of whispering behind closed doors, our officials—or most of them—try to be reasonable when they can.

I am also aware that no committee can work well in the open sunlight. This is as true of the Cabinet as of any other such gathering, and it would be absurd to propose that direct transcripts of their discussions should be made available within a short while. Equally civil servants might feel shy about first drafts of their early thoughts if these had to be released before they were properly finished. And it is acknowledged that sometimes fortunes can be made, or the public interest affected adversely, by imprudent disclosure.

Confidentiality

None of this explains or excuses the British administration's almost paranoiac fear of being caught thinking. Ministers whose discretion cannot be relied on by their colleagues should not be in the Cabinet. Final drafts of internal papers are publishable if first thoughts are not. Commercial or defence or similar confidentiality can be kept. It would be possible to safeguard all this and yet give the British public the opportunity to discuss its political and civil servants' proposals in the formative stage. Why on earth not?

Letters to the Editor

Package to be agreed

From Mr. A. Jacobs.

Sir,—It would seem possible that trade unions will agree on a package to slow down the rate of inflation involving flat rate pay increases. While there are many objections to such a scheme I am sure with the present runaway rate of inflation that most people would agree that this is a great advance on anything we have experienced in the past 12 months.

The critical matter, however, will be the rate of pay increase to be agreed with figures of between £6 and £10 per week being mentioned. No doubt the TUC will try and agree with the Government on a final sum, but what, may one ask, will be the attitude of the CBI?

It may reasonably agree with the system of flat rate pay increases, but will it also automatically accept the figure agreed between the TUC and the Government? The CBI claims to represent a very substantial number of the major industrial companies in the private sector. If flat rate increases are to be the order of the day, will it also negotiate with the Government to try and agree a figure because such an amount might be substantially different from that with which the TUC is prepared to agree.

We would then perhaps for the first time be obliged to face a matter which appears to have been overlooked in the discussions about the inflationary wage increases that have been granted in the past 12 months, namely, that such increases could not have been made in the private sector without the agreement of the employers; it is the employers, if I understand correctly, who have to approve wage increases if employees are to obtain them. However strongly a factory is unionised, it cannot force the payment of higher wages without the agreement of employers.

Now, of course, the truth may be that employers have been unwilling to face up to the consequences of resisting large wage increases and to have escaped their responsibilities on the grounds that if such increases were being given in the public sector then they were left with little alternative. I suspect if the alternative had in fact been bankruptcy then employers might have found more courage.

If in the new political climate trade unions are more determined to reduce the rate of inflation I wonder if in practice they will be joined by the employers, hopefully led by the CBI.

Anthony Jacobs.
Prospective Liberal
Parliamentary Candidate
for Watford.
, York Terrace West, N.W.1.

Better to reduce pay

From Mr. D. Myddelton.

Sir,—It is not clear why Mr. Jack Jones suggests that everyone's pay should be *increased* by the same money amount. Why not reduce everyone's pay by the same amount instead?

D. R. Myddelton,
Farley Court,
Allsop Place, N.W.1.

London show centre

From The Director, Association of Exhibition Organisers

Sir,—In answer to Mr. Harold Tiller (June 26), this sector of the exhibition industry gladly makes public acknowledgement of the worth of the National Exhibition Centre. We appreciate that it will be the shop window of British industry and will have a vital part to play in our exports and balance of payments. To ensure the success of the Centre this Association is working closely and harmoniously with the Centre to ensure that not only the nuts and bolts but also the paper work shall be correct.

Furthermore, we believe that the Centre is of international importance, not just national, and must be publicised internationally. British Rail has already taken the initiative here and the new station at Bickenhill will not bear that name but Birmingham International.

There still remains a crying need for modern exhibition facilities in London for both public shows and those technical fairs which elect to remain in London. A brand new exhibition complex in the London area is obviously a non-starter in the present economic climate, but a thoroughly modernised Earls Court has possibilities and this Association therefore supports the proposed modernisation scheme for this hall.

G. A. M. Ritson.
10, Manchester Square, W.1.

From Brussels for 18 francs

From Mr. P. G. Evans.

Sir,—I notice, with interest, that the latest edition of the Bank of England Quarterly Bulletin was printed in Brussels and posted from there at a cost of 18 Belgian francs, the U.K. equivalent of 23p.

P. G. Evans.
The Stock Exchange, E.C.2.

Wrong products at wrong prices

From Mr. E. W. Holland

Sir,—The matters raised by Mr. Gordon Tether (June 26) may well be basic to the root trouble of our economic malaise. He compares the productivity per man year of Japanese car production with that of our own—to the tremendous disgrace of our own industry. The CBI in particular, could do worse than to take notice of that article and make suitable recommendations to members. This, of course, is entirely divorced from politics.

In all that has been written on our economic difficulties, I cannot remember reading anywhere that our basic troubles stem from the fact that we try to sell the wrong products abroad at the wrong selling prices, that is, it was much better to sell cars to Australia and import food from there than export Rovers and import Volvos. The sale of wrong products includes sales which compete with similar products made by the importing country, particularly motor cars and machinery, that is insufficient market research. Wrong sale prices are also caused by inadequate market research but, in addition, they are due to too low production with its inadequate spread of labour and administration overheads, in other words, costly idle capacity.

May I suggest that our own manufacturers could do worse than to adopt Japanese production costs as our standard costs, and, in management language, they should then produce individual industry variance reports, both at sales, distributive and manufacturing levels and further analysed into labour, material and overhead variances of price, usage and efficiency. Resultant figures will prove that we are hopelessly uncompetitive and that it is our own fault that this is so.

The taxation allowance structure for re-equipment of plant, that is, reinvestment, is quite adequate, therefore industry should have regard to increased retention of profits for this purpose until productivity costs are reduced to the Japanese standards by increased export sales at really competitive prices, but the Government must not dissipate such profits by high taxation.

All this is a very tall order and achievable only over some years but unless it is started as a scientific national study, we shall never defeat inflation and increase the living standards of our workers. Again this is non-political but the trained expertise of management under private enterprise with the whip of possible bankruptcy and the carrot of profits is preferable to the dead hand of nationalisation.

E. W. Holland.
3rd Floor,
Coopers Buildings,
Church Street, Liverpool.

Governments in unison

From Mr. W. Wiseley

Sir,—May I reply to Mr. D. L. Burt's timely letter (June 27) regarding the year-old valuation of the Special Drawing Right as a "standard basket" of the 16 national currencies most often used in world trade?

The SDR monetary standard was not designed for the specific purposes of traders in commodities, though they can write contracts in it if by chance they find it useful. It would appear more logical, however, for traders like Mr. Burt and Mr. Amuzegar to continue to use as their reference (or references) those of the 16 currencies that involve their most important customers.

For example, none of the major tin producing countries is to be found within the SDR "basket." Tin producers might therefore prefer to continue to express their contracts in the currencies of their largest customers, the U.S., West Germany, Britain, France, Japan, Canada, Italy and the Netherlands. By no coincidence, however, those are the first eight of the "basket."

The SDR standard was devised primarily for use by central banks for the new era ahead, in which many major currencies will continue *permanently* to float. It can also serve as a standard in which to denominate private securities, and will be useful particularly for those issued by multinational banks and companies. The recent, successful issues by Alusuisse and the Swedish Investment Bank are examples. It is intriguing to note that President Giscard has followed their example by authorising on June 23 a similar issue by the French State utility Electricité de France.

Mr. Burt can relax. The valuation of the SDRs cannot be changed by the whim of a few imperious bureaucrats dwelling in some cloud-cuckooland. That agonising decision can only be made by the 120-odd governments that are members of the International Monetary Fund. Has Mr. Burt ever known so many governments to act in unison within so short a time as 12 months? Several years, perhaps five, would be a more realistic estimate of the quantity of time and effort required to produce any major change in the rules of the Fund.

Over time there will be changes in the composition of the "basket," to reflect the evolving share in world trade maintained by each of the present 16 currencies. No reform of the international monetary system can ever be considered final in a world as fickle and changeable as old Mother Earth.

William Wiseley.
9, Ravenscroft Road,
Henley-on-Thames, Oxon.

Apples in the basket

From The Editor,
London Gold Report

Sir,—To temper the enthusiasm being expressed in many quarters for SDRs as the new international unit of account, it might be worth stressing that the two most heavily weighted constituents of this so-called "basket" of trading currencies are still the U.S. dollar and the pound sterling. Of course, their weakness will be diluted to a degree by the countervailing strength of, say, the Deutschmark or the Swiss franc, but it should be noted that these currencies have relatively minor weighting, and the old saying that one rotten apple will spoil the whole basket is more likely to apply—especially since there are two of them.

George G. Blakey.
Chesham House.
150, Regent Street, W.1.

Strikers' benefits

From Mr. R. C. Nicoll.

Sir,—The resolution by the Engineering Workers' Union to repudiate any form of wage restraint, let alone the social contract, can only be construed as a declaration of war on society, particularly in the present parlous state of the country's economy.

As such it seems only logical that society should adopt war-like methods to meet the threat. Therefore we can only seek to disarm or diminish the power of the union's arms.

It would seem quite simple to do this by refusing all forms of social security aid to strikers and their families until the economy returns to normal.

Unions have at their disposal massive funds which they should use to subsist their members if they feel a strike is the only solution to their problem, rather than impose the burden on the rest of the tax-payers whom they inconvenience.

R. C. Nicoll.
66-67, George Street,
Richmond, Surrey.

Industrial building

From Mr. D. Cochlin.

Sir,—I welcome the article "Sowing the Seeds of a Factory Famine," by John Trafford (June 10). In particular he has drawn attention to the potentially very grave problem we face in the next sharp economic upturn, namely an acute shortage of industrial buildings available to manufacturing industry.

Industrial building in manufacturing industry in real terms (that is, excluding price inflation) has shown little or no percentage increase over the last 15 years; whereas investment in manufacturing plant and machinery (though admittedly too low) has grown over 50 per cent. in real terms. There are many reasons which account for this—obvious and important ones being slow and uncertain economic growth, the greater efficiency of new plant and machinery, Government controls on industrial expansion.

What conclusions should one draw from this zero growth record? That we had ample space-capacity to start with? That an ample margin still exists to sustain sharp further growth? That factories standing 15 years ago were—and still are—suitable for efficient production, even though most of them were probably up to half a century old in the 1960s, or were flung up in wartime to suit wartime production? No-one seems to know the answers to these questions, particularly the margin for future growth in the late 1970s and 1980s. Certainly each major industry's record is different and their current and future situation differ greatly, as our research studies show.

I know, through correspondence with them, that the Department of the Environment and NEDO are aware of the problem and that the former, at least, is doing certain statistical studies on industrial building. But I seriously question whether the work is either adequate in scale, or whether it includes—as it certainly should in my view—detailed field-work, industry by industry, on the current and future adequacy of U.K. industrial building: adequacy both in a quantitative and qualitative sense.

David Cochlin.
Building Management and Marketing Consultants.
Waldorf House,
18, Exeter Street, W.C.2.

Transplanting referenda

From Mr. D. Pugsley.

Sir,—I was interested by Lombard (June 23) about the future of the referendum. I agree that the referendum was not an accurate reflection of the considered opinion of individual voters on the actual question put to them. What surprises me is that anyone should have thought that it would be or that any future referendum, if we hold one, will be.

Last year before and during the Italian referendum I was working in the Faculty of Law at the University of Bari in Southern Italy. Before the referendum campaign most of my colleagues seemed to assume that you only had to introduce a referendum for everyone to vote according to his own personal conviction and on the actual question in issue. In fact the Italian referendum became a test of the personal standing of Senator Fanfani. It became a party political confrontation. Other pressure groups became very active. The referendum took on the proportions of a general election and the economic crisis went from bad to worse. *Mutatis mutandis* the same has happened here.

The moral is that in countries with little or no tradition of referenda you cannot introduce them and operate them satisfactorily simply by a stroke of the legislative pen, any more than you can transplant Westminster-style Parliamentary democracy to a country which has never known anything like it. You might as well forbid political activity in general elections for the (strictly accurate) reason that the only choice before us is between the actual candidates in our own constituencies.

D. F. Pugsley.
Lecturer.
University of Exeter,
Faculty of Law.
Amory Building,
Rennes Drive, Exeter.

To-day's Events

GENERAL

Mrs. Margaret Thatcher, leader of the Opposition, speaks at a meeting to launch "Free enterprise week 1975, Europe Hotel, London.

President Amin of Uganda, continues his official visit to Zaire.

Mr. Ross McWhirter speaks on the quality of life, in the series of talks held at St. Lawrence Jewry next Guildhall, London, 1.15 p.m.

Mr. C. Gordon Tether, of the Financial Times, speaks at an Industrial Forum meeting, Barrington House, London, 2.30 p.m.

CBI economic policy committee meets.

PARLIAMENTARY BUSINESS

House of Commons: Remaining stages of industry bill.

House of Lords: Sex Discrimination Bill, second reading; Local Land Charges Bill, committee.

Litigants in Person (Costs and Expenses) Bill, report.

OFFICIAL STATISTICS

Housing starts and completions, and house renovation grants approved (May).

COMPANY RESULTS

Brown Boveri Kent (full year).

Rothmans International (full year).

Standard and Chartered Banking Group (full year).

COMPANY MEETINGS

Aberdeen Investments, Aberdeen, 12.

Bainbridge Brothers, Bury, 11.30.

Belgrave (Blackheath), Birmingham, 12.15.

Lesney Products, Hyde Park Hotel, S.W., 12.

Mothercare, Winchester House, E.C., 11.15.

Poole (Thomas) and Gladstone China, 3, Belgrave Square, S.W., 12.

COMPANY NEWS + COMMENT

SGB down to £3m. at halfway

ANNOUNCING a pre-tax profit down from £3,125,000 to £3,014,000 for the half-year to end-March, Sir Edgar Beck, chairman of the SGB Group, the international construction plant and services concern, says the 12-month total is not expected to be seriously below the record £6,448,000 for 1973/74.

The interim dividend is lifted from 1.8p to 2.0p net per 25p share and the final dividend is expected to go up from 2.207p to 2.3733p, the maximum allowed. This would increase the net total from 4.007p to 4.3733p.

At the annual meeting in March, Sir Edgar said the group hoped in the current year to achieve results somewhere near the "exceptionally good" out-turn for 1973/74.

He now reports that since then, the downward trend in construction activity has continued. "While profits in the current year are not expected to be seriously below those of 1974, it is becoming increasingly important for prospects in the U.K. that the decline in profitability in British industry should not be allowed to continue."

In contrast, there has been an encouraging increase in business and profits in SGB's overseas interests.

	First half 1974-75 £000	1973-74 £000
Turnover	26,760	21,446
Group profit	3,706	3,415
Interest and dividends	31	172
Interest charges	723	462
Profit before tax	3,014	3,125
Taxation	1,671	1,745
Net profit	1,343	1,380
Minorities	75	*14
Net balance	1,268	1,394

* Loss.

● comment

Half-year sales up 23 per cent. at SGB, with pre-tax profits down by 3½ per cent., indicate a drop in profit margins in excess of 3 points. This has arisen mainly because of the inclusion of the Contractors' Services acquisition; this has added £2m. to turnover but very little to profits, after expenses. Similarly, while borrowings are roughly unchanged on the year-end figure for the original group, CC's purchase has meant an additional £2m. which, in turn, is behind the 71 per cent. increase in interest charges over the six months. On the trading front, overseas now contributes something of the order of 25 per cent. (of both sales and profits) with Europe the strong growth area. However, there is no disguising the anxiety regarding the construction industry in the U.K., though the group does point out that it can, to an extent, shut off the tap when demand falls on account of the non-manufacturing base. A yield of 7 per cent. at 88p indicates that the market is not that pessimistic.

DUTTON-FORSHAW

Dutton-Forshaw Group announces that it has purchased for cancellation £1,045,500 Nominal of its own Variable Rate Unsecured Loan Stock.

HIGHLIGHTS

First rights issue of the week is **English Property Corporation**, raising £15m. by way of a 12 per cent. convertible loan stock; it is discussed in the Lex column. Also analysed by Lex are the accounts of **J. Lyons** which reflect property disposals during the year, and the interim results of **Granada Group** where profits have been depressed by the effect of the levy but improvement since the accounting date has eliminated the shortfall. Interim figures from **SGB** show a marginal reduction in profits but the statement is hopeful that the full year result will not be seriously below that of 1974. **Allied Retailers** enjoyed a strong second-half recovery after the setback of the first six months and the current half-year is expected to be a record. **Ratners (Jewellers)** reports further progress in the past year and current sales running substantially above last time; but at **Marshalls (Halifax)** a good performance from the engineering division was outweighed by a poor return *from the concrete activities.*

Marshalls (Halifax) profit held

TAXABLE PROFITS of Marshalls (Halifax) improved marginally from £1.17m. to £1.19m. in the year ended March 31, 1975; and earnings per share emerged at 10.7p (10.52p).

The dividend is raised from 3.923p to 4.2625p net, the maximum permitted, with a final of 3.2575p.

	1974-75 £000	1973-74 £000
Sales:		
Concrete & quarrying	7,646	6,824
Engineering	4,752	3,624
Total	12,398	10,448
Profit:		
Concrete & quarrying	787	840
Engineering	697	507
Total	1,484	1,347
Interest charges	287	174
Profit before tax	1,197	1,173
Taxation	594	576
Net profit	603	597
Minority	24	38
Attributable	581	553
Dividends	234	209

The directors report that trading conditions for the concrete division have been difficult with low demand for some products although with notable exceptions. Massive cost increases have occurred, some of which have proved to be irrecoverable. Consequently an increase in sales of 12 per cent. was insufficient to prevent a fall in profits.

A 31 per cent. increase in the sales of the engineering division helpd to increase its trading profits by 37 per cent. The division worked at full capacity throughout the year with full order books. Export volume increased.

Borrowings have increased within facilities, but as a result of close control of expenditure they are now reducing and the directors intend to ensure that this trend continues.

Investment intentions during the year have been cut and capital expenditure will continue at a more modest level than hitherto.

Performance in the current year compares favourably with the same period last year, but any forecast is quite impossible, they stress. "We are determined to maintain profits during increasingly difficult times, whilst at the same time making plans to ensure that we are able to take advantage of any improvement in trading conditions as it occurs."

The group's diverse products and markets enable it to seize such trading opportunities as exist. This is especially true of exports for the engineering division's products and the ability of the concrete division to increase sales to customers unrelated to either local authorities or the building and construction industry.

● comment

A good performance from the Marshalls (Halifax) engineering division—second-half profits growth actually accelerated to 44 per cent. against 29 per cent. after six months—cancelled out a correspondingly poor return from the concrete activities. The net result is roughly unchanged figures for the year. Overseas sales have figured far more largely in the engineering side's performance; these sales now account for roughly one-half of total turnover and profit margins there tend to be more lucrative. The basic change since the year-end is the further deterioration in the home market. However, overseas sales have held up well and the borrowings position has eased a little against the latest balance sheet, which should show debt up by roughly £0.4m. At 40p, the shares yield 17¾ per cent., which discounts quite a lot.

Vectis Stone down after six months

A decline in pre-tax profit from £103,325 to £78,056 for the half year to March 31, 1975, is announced by Vectis Stone, reflecting adverse weather conditions and the continued recession in the building and construction industries. Turnover increased from £2.48m. to £2.68m.

The interim dividend is being held at 0.455p net.

Tax charge is down from £56,600 to £43,600, leaving £34,456, against £46,725.

For the full year to September 30, 1974 pre-tax profit was 177,078 and dividends totalled 1.133p net.

The directors report that the policy of restricting capital expenditure has continued during the present unsettled conditions and liquid resources are being accumulated.

Ratners tops £1m.: 100% scrip

RETAIL SALES for the year to April 6, 1975 of Ratners (Jewellers) increased from £4.61m. to £6.64m., and pre-tax profit advanced from £0.9m. to £1.08m.

When reporting first half profit up from £248,476 to £303,232, the directors stated that they looked forward to a satisfactory increase for the year.

Earnings per 10p share rose from 19.6p to 23.2p, the dividend is lifted from 2.620875p to 2.85505p net with a final of 1.73875p, and a one-for-one scrip issue is proposed for holders registered on August 15.

Current year sales are substantially higher than in the previous year. There was a surge of sales prior to May 1, due to the onset of higher rates of VAT, and sales have since continued to be buoyant, says the chairman, Mr. L. M. Ratner.

Although present trends are encouraging, the current economic situation makes it unwise at the present time to forecast the outcome of this year's trading, he adds.

	1974-75 £	1973-74 £
Retail sales	6,639,738	4,606,453
Profit before tax	1,080,530	909,064
Taxation	616,214	508,498
Net profit	464,316	391,566
Extra-ordinary credits	*40,036	246,486
Divs. paid & proposed	57,101	52,418
Retained	447,251	585,634

* Sale and leaseback at favourable rentals of certain properties.

The manufacturing subsidiary, Jadales, once again contributed substantially. In a year when costs were rising continually the production of goods in the company's own factory constituted a real price advantage, enabling it to maintain a competitive range of merchandise. The future expansion of Jadales will in this way assist in the problems of the higher rate of VAT.

Expansion proceeded at a record level with 12 new branches added during the year.

In continuance of plans for expansion at this point in the current year 10 further units have been acquired or are in an advanced stage of negotiation.

All branches opened in the *period are trading successfully* and the initial expenses of those opened in the year have been absorbed in trading profits. Adequate resources are available for all the group's present plans.

● comment

With average price increases of only 10 per cent. at Ratners last year, and an increase of 27 per cent. in turnover (excluding new stores which bring the figure up to 44 per cent.) volume was still moving ahead despite concern over possible consumer cut-backs on luxury items. But the possibility of further pressures on consumer spending power plus an increase in VAT to 25 per cent. must affect demand this year. The pre-VAT boom put Ratners on a firm footing to start the year, but the lull in sales since, unless only temporary, could take the edge off profits next time. Nevertheless, the fast moving stores opening programme could swing the balance, and as new stores make a strong contribution in the second year of operation, the 12 opened in 1974-75 should make a big impact this year. Whether this will be enough to hold profits on the growth path is debatable, but on past record Ratners can weather the storms. The market would seem to have confidence as the shares yielding 4.6 per cent. at 97p are on a premium rating to Samuel and Walker.

Mr. Alex Jarratt, chairman of Reed International, who said in his annual statement that some of the severe pressures experienced by the group in the early part of the year should ease as the year progresses.

Glen Gunn

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allied Retailers		3.42	Aug. 29	2.68	4.42	4.08
W. W. Ball	int.	0.76	Oct. 1	0.69	—	1.4
Barranquilla Invs.	int.	9.79	Oct. 1	8.97	—	23.74
Cronite	int.	0.73	Sept. 1	0.75	—	2.26
Davenport Knitwear		2.34	—	2.22	2.34	2.22
Fraternal Estates		Nil	—	0.4	Nil	1.03
Granada	int.	1.3	Oct. 1	1.2	—	2.23
Grange Trust	int.	0.67	Sept. 5	0.67	—	1.47
J. and H. B. Jackson	2nd int.	0.19(a)	July 21	Nil	0.69	0.6
Marshalls (Halifax)		3.26	—	2.87	4.26	3.92
McCleery L'Amie	int.	0.75	Sept. 1	0.75	—	1.68
Mason and Burns		nil	—	0.5	nil	0.5
Ratners		1.74	Sept. 19	1.79	2.86	2.62
W. Reed		2.44	—	1.32	2.44	1.32
Robinson Rentals	int.	2.12	Oct. 1	1.93	—	3.96
SGB Group	int.	2	Oct. 9	1.8	—	4
Vectis Stone	int.	0.46	Aug. 8	0.46	—	1.13

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Gross throughout.

Upturn at Allied Retailers

TAXABLE PROFITS of Allied Retailers showed a jump from £1.48m. to £1.86m. in the year ended March 29, 1975, after a first half reduction from £700,325 to £518,180.

Earnings per 10p share are stated at 10.98p (8.66p) before an extraordinary item and at 11.49p including that item.

The dividend total is raised by the maximum permitted—from 4.08p to 4.4174p net, with a final of 3.4174p.

	1975 £	1974 £
Turnover (net of VAT)	25,211,839	19,886,112
Profit before tax	1,860,216	1,478,601
Taxation	1,002,182	801,373
Net profit	858,034	677,028
Extraordinary credits	40,170	—
Interim dividend	78,157	110,698
Proposed final	267,092	209,462
Less amount waived	54,674	58,873
Retained	607,829	416,646

Turnover and profits for the first three months of the current year show a considerable improvement over those for the corresponding period of the previous year and the directors expect that profits for the half-year will reach a record level.

● comment

The 26 per cent. rise in Allied Retailers' 1974-75 pre-tax profits reflects a strong second half recovery after a drop of more than a quarter in the first six months. This stems from a general improvement in trading conditions which, because of its dominant role in the carpet retail sector, the group has been able to take full advantage of. It must also owe a good deal to the group's recent efforts to reduce bank indebtedness. In the last balance sheet this stood at around £2.3m. but by the time of the purchase of the Everest Close property, in June this had been reduced to less than £20,000. With no sign yet of any deterioration in trading the group seems poised for further growth in the current year and this should support the shares which at 68p are yielding 10¼ per cent., covered 2½ times.

Greening holders urged to reject

Urging shareholders of N. Greening to reject the revised offer from Johnson and Firth Brown, Mr. C. G. Fraser, the chairman, points out that it carries no cash alternative and that the acquisition would require the authorisation from the European Economic Community. He also says that the new terms value Greening at £6.2m., compared with that company's net assets of £12m., and notes that if the bid were to succeed, shareholders would not receive any dividend until January 1976.

MONTHLY AVERAGES OF STOCK INDICES

—	June	May	April	March
Financial Times				
Govcmnt Secs	58.24	57.48	59.26	60.99
Fixed Interest	57.93	57.35	58.67	60.81
Industrial Ord.	332.6	339.0	314.9	282.7
Gold Mines	380.6	399.3	368.7	401.1
Dealings mkd.	6,486	7,207	8,140	8,897
F.T. Actuaries				
Ind. Grp.	138.89	133.42	125.71	116.83
500-Share	145.67	144.46	131.87	124.95
All-share (650)	143.76	143.86	130.99	124.48
20-year Govt	47.35	46.83	48.89	51.46
Red. Debs	46.06	46.60	48.89	49.07

	High	Low
Industrial Ord.	365.3 (5th)	291.8 (30th)
All-Share	†154.09 (6th)	128.31 (30th)

ISSUE NEWS AND COMMENT

Two stocks from Barnet Corpn.

Lists open on Thursday, July 3, for the issue by Barnet Corporation of £4m. 13¾ per cent. Redeemable Stock 1980 and £4m. 14 per cent., Redeemable Stock 1984-85 both at par.

Both stocks will be payable as to £10 per cent. on application with calls of £40 per cent. on August 22 and £50 per cent. on October 17. Interest on the stocks is payable half-yearly with a first payment of £3.9945 per cent. on the 13¾ per cent. stock and £4.1425 per cent. on the 14 per cent. due on December 31, 1975.

Brokers to the issue are J. and A. Scrimgeour.

● comment

With subscriptions for the last couple of corporation issues well below the asking level, Barnet has been forced to split its funding package in order to present a more acceptable investment. The 1980 stock is one year shorter than the Westminster stock, which on issue was yielding 13.6 per cent., but is now standing at a ½ point discount. As for the longer dated stock the differential seems slight, bearing in mind that gilts with similar dates would have about a 50p per cent. yield differential. True the issues treated separately are near to the actual level of subscription received by Westminster but the performance of sterling and the gilt section must be taken into consideration.

Cambridge £1m. pref.

Arrangements have been completed for the offer for sale by tender of £1m. of 9 per cent. Redeemable Preference Stock 1980 in the Cambridge Water Company at a minimum price of £99 per cent.

The stock is payable as to £10 per £100 nominal with tenders to be received not later than Tuesday July 8, the balance being payable on or before Thursday August 28.

Interest on the stock is payable half-yearly with the first payment of £3.231 per cent. net due in March 1976. Thereafter dividends will be paid in August and March each year.

Brokers to the issue are McAnally and Montgomery and Co.

● comment

The Cambridge offer is pitched on similar terms to the last five water issues over the past couple of months, and market sentiment is such that this issue should be as well received as the other issues. The yields are £13.08 per cent. flat and £14.13 per cent. to redemption on the minimum price. An average tender price around the £100½ mark would seem to be indicated, but finer tuning of tender prices can be made in the light of the results of the Sunderland and South Shields offer due to be announced to-day.

COMPANY NEWS IN BRIEF

ALPINE SOFT DRINKS—Results year to March 29 and observations on prospects reported June 11. Group fixed assets £1.75m. (£1.08m.) less £0.41m. (£3,114) hire purchase instalments not yet due. Net current liabilities £12,966 (£377,898)—cash £159,997 (£502) and overdrafts nil (£122,889). Additional banking facilities available to enable achievement of high rate of expansion as conditions become more favourable, says chairman. Meeting, Birmingham, July 22, noon.

A. & C. BLACK (publishers)—Results 1974 reported June 10. Group fixed assets £202,846 (£96,159). Net current assets £527,850 (£518,920). Turnover for first five months current year shows significant advance, says chairman. Estate Duties Investment Trust holds 18.4 per cent. of capital. Meeting, 4-6, Soho Square, W., July 17, noon.

DOM HOLDINGS (fixing products and electric drilling machines)—Results for year to March 31, 1975, reported June 19. Geographical percentage analysis of turnover shows U.K. 77 (82.2), Europe, including Eire, 18.1 (12.7) and South Africa 4.9 (5.1). Exports were £0.45m. (£0.39m.). Fixed assets £0.61m. (£0.49m.), net current assets £1.58m. (£1.17m.). Group steadily increasing export volume and aim is strongly directed towards growth in all areas. Meeting, Great Eastern Hotel, E.C., on July 24 at noon.

FASHION AND GENERAL INVESTMENT—Results year to March 31, 1975, reported June 13. Group investments valued £1.39m. (£1.34m.) Net assets valued 137.1 (129.8) per 5p share. Ultimate holding company The Scottish and Mercantile Investment Company. Meeting, Winchester House, E.C., July 15, noon.

HARDY AND CO. (FURNISHERS)—Results year to January 25, 1975, reported May 21. Group fixed assets £9.85m. (£8.44m.). Net current assets £3.34m. (£7.29m.). Although improved trading in second half continued into current years, chairman says underlying weakness of economy denies him the right to express even cautious optimism concerning year's forecasts. Directors' emoluments include £50,000 compensation for loss of office. Meeting, 30, Portland Place, W., July 22, noon.

E. E. JEAVONS AND CO. (civil engineering contractors)—Results for year to March 31, 1975 and observation on prospects reported June 6. Breakdown of turnover and pre-tax profit shows civil engineering contracting £1.9m. and £0.12m., manufacturing £2.79m. and £0.35m. Exports amounted to £0.30m. (£0.27m.). Fixed assets £0.95m. (£0.88m.), net current assets £1.51m. (£1.31m.). Turnover £4.69m., pre-tax profit £0.47m. and earnings per share 8.1p but on CPP basis £5.33m., £0.21m. and 0.7p loss respectively. Statement of source and application of funds shows increase in liquid funds of £129,783 (£169,390 decrease). Meeting, Tipton on July 25 at noon.

JOKAI TEA HOLDINGS—Interim report states it is expected that there will be a substantial increase in profit for year to March 31, 1975, and that the Board will be able to recommend a distribution to Ordinary holders of at least the same as last year's 6.7p net.

LIVERPOOL DAILY POST AND ECHO—From January 1, 1976, dates for release of annual statement and preliminary announcement of year-end results, the AGM and payment of Ordinary dividends will be approximately four weeks later than in the past.

F. H. LLOYD HOLDINGS—Results, year to March 29, 1975, and observations on prospects reported June 19. Analysis of turnover and profit (£000s omitted) shows engineering £12,846 (£9,442) and £967 (£445); foundry £27,536 (£19,432) and £2,243 (£1,380); steel £8,307 (£6,633) and £1,368 (£925). Exports were £6.2m. (£4.25m.). Group fixed assets £11.88m. (£11.27m.). Net assets £22.99m. (£20.66m.). Bank borrowing £3.17m. (£1.61m.). In view of the fact that outgoings included £1m. for the purchase of The Coley Rotolin Group and £575,000 for further investment in Lloyd Cooper, the present situation is not unsatisfactory. The Chancellor's decision to defer tax on the increase in stocks has conserved resources to a material extent as this has given tax relief on the increase of £5m. over the past two years. Meeting, Winchester House, E.C., July 23, noon.

NORTHERN INDUSTRIAL IMPROVEMENT TRUST—Unaudited figures for year March 31, 1975, shows an increase in gross income of approximately 20 per cent. and it is hoped that subject to tax and other statutory limitations it will be possible to pay increased dividends for the year.

NORTHERN SECURITIES TRUST—Results year to April 5, 1975 and net asset values reported June 20. Group investments £4.66m. (£4.98m.). Unrealised depreciation on investment and currency £29,432 (appreciation £469,366). Managers hoping that improving performance of overseas markets will enable Board to report more favourably next year. Meeting, 16, St. Martin's-le-Grand, E.C., July 25 noon.

PETBOW HOLDINGS (makers of generators and welding sets)—Results for year to March 31, 1975, reported June 12. Group fixed assets £2.79m. (£2.48m.), net current assets £3.73m. (£2.12m.). Statement of source and application of funds shows net outflow of net liquid funds £1.56m. (£0.82m.). Meeting, Sandwich, on July 22 at noon.

THOMAS LOCKER (HOLDINGS)—Screening and filtration engineers—Results year to March 31, 1975, and revaluation details reported June 13. Group fixed assets £4.8m. (£2.62m.). Net current assets £3.33m. (£2.56m.) While the current order books stand at a reasonable level there are signs, in some areas of the group's activities, of a slow down in demand, and unless the general economic climate improves within the next few months it is probable that the results for the year will not exceed last year. Nevertheless, in the longer term, the chairman says he has every confidence that the worldwide market for the products, and especially as Britain is now committed to the EEC, will continue to expand. Meeting Warrington, July 17, at 11 a.m.

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Major improvements achieved

Points from the Review by Alex Jarratt Chairman and Chief Executive, in the Reed International Annual Report for the year ended 31 March 1975

I must begin this Review with a tribute to my predecessor, Sir Don Ryder identified himself very closely with the fortunes of Reed International and of those who work in it. He brought qualities of leadership, enthusiasm and tireless energy to every aspect of the business; nothing was too small to merit his attention, nothing too large to daunt him. He has taken with him our affection and esteem, as well as our best wishes in his important and onerous public duties.

The Corporate Performance

Recession, or near-recession, has affected virtually every major industrialised country; so has inflation, though nowhere so markedly and so dangerously as in the United Kingdom. The problems of the "three-day-week", considered so traumatic at the time, appear in retrospect fairly simple compared with those of running a business in conditions of massive inflation, high taxation and stagnant demand, with little evidence up till now that the seriousness of the situation has been fully comprehended and, least of all, is being acted upon.

Your Company's performance for the year as a whole was very satisfactory though the relationship between our costs and our markets deteriorated sharply in the closing months compared with the earlier part of the year. Quite the most significant market factors were the emergence of a world-wide slump in demand for building products and the very sudden change in demand for pulp, paper and paper products that occurred towards the end of 1974.

Inflation has taken its toll not only in higher wages, salaries and bought-in materials and services, but also in the additional volume of working capital required to conduct the normal course of our business.

Since becoming Chairman, I have concerned myself particularly with this latter aspect—the effect of inflation on the use of capital—and am pleased to report not only that major improvements have been achieved, but also that their achievement has acted as a spur to even more effective management.

All our major Divisions achieved an increase in their sales, though there was a marked flattening out in the last quarter. Profit performance was uneven. Virtually all our overseas operations increased their profits from last year, with a particularly large contribution from Reed Paper but, of the UK Divisions, only Reed Group produced a higher profit; Reed Publishing Holdings would also have shown an improved profit but for the industrial disruptions they suffered.

Financial

Total sales for the year were £968.6 million, an increase of 32%. Profit before taxation was £85.4 million, an increase of 30%. The overseas operating profit increased from £32.0 million to £56.7 million, whilst that from the UK fell marginally from £46.5 million to £46.4 million. Earnings per Ordinary Share were 45.4p, an increase of 9.3p. Ordinary Dividends have been increased to the maximum payable under the statutory dividend controls. Capital expenditure during the year was £39 million, some £11 million up on the previous year.

Reed Group

This was a record year for the Division with turnover and profits considerably ahead of last year. For much of the year, boom conditions prevailed. The last quarter, however, brought a dramatic reduction in demand and an under-utilisation of productive capacity in most of the Division's operations.

Reed Group has been successful in recent years in improving its return on capital employed, particularly in the manufacture of paper and board. However, the effects of inflation on capital requirements have added greater emphasis to the Division's plans for developing, alongside its papermaking operations, its less capital-intensive activities, including the expansion of such operations within the EEC.

Good labour relations have seen the Division through a year which started with labour shortages and ended with short-time working.

Reed Paper & Board, although dogged by raw material shortages, and restricted by price controls, was able to operate successfully and very profitably at or near full capacity in the buoyant trading conditions of the first three-quarters of the year. In the last quarter, however, it was hit by the downturn in its markets which was exacerbated by substantial de-stocking by customers.

In Reed Corrugated Cases, demand for standard corrugated was high for the first three-quarters of the year but dropped dramatically in the last quarter as customers de-stocked to ease their own liquidity problems.

Financial Highlights	1975 £m.	1974 £m.
Sales United Kingdom	613	500
Sales Overseas	356	233
Sales Total	969	733
Trading Profit	80	65
Share of Profits of Associated Companies	14	10
Interest Payable (net)	18	13
Profit before Taxation	85	66
Profit after Taxation	45	35
Profit attributable to Ordinary Shareholders	41	33
Capital Employed	633	558
Capital Expenditure	39	28
Earnings per Ordinary Share	45·4p	36·1p
Dividends per Ordinary Share: Amount paid	10·2830p	9·3980p
With tax credit	15·5825p	13·7582p
		Thousands
Shareholders	84	87
Employees	83	[illegible]

Very satisfactory performance

Field achieved good volume growth with excellent results. A new factory at Broxburn, near Edinburgh, and a new warehouse at Bradford were both brought into operation.

Reed Medway Sacks, too, had a good year but demand fell rapidly away in the last quarter. Spicers did well and is on a sound footing for future profit growth. Spicers International has made further progress toward becoming a world-wide trading company.

International Publishing Corporation

IPC now comprehends the publishing and printing activities of the former single Division, exclusive of newspapers, the latter having been brought together under the new name of Mirror Group Newspapers. This has not been an easy year for publishing. Increases in paper costs continued and the factors that led to an easing of this situation later in the year operated with equal force on the publishing market itself. Marketing strategies which were earlier constrained by price controls have more recently been affected by increased market resistance to the recurrent price rises that have been essential to recover increased costs. Nor has the task of coping with a major change in the economics of publishing been made easier by industrial disruption of which the inter-Union dispute, which resulted in the closure throughout July 1974 of Odhams (Watford) with the loss of some 30 million copies of our publications, was the most dominant. When work was resumed, the labour force had been substantially reduced by a successful policy of voluntary redundancy. Following discussion with the British Printing Corporation, a merger of the two large gravure factories in Watford, Odhams and Sun Printers, is now being considered.

Circulation losses in our consumer magazines have been commendably contained and business journals achieved a slight overall increase. Very satisfactorily, both Divisions managed to increase advertising revenue.

In a reasonably buoyant books market, both our companies, Hamlyn and Butterworth, continued to perform well and achieved increases on last year's profits.

Overall, IPC's operational performance has been encouraging, even though the cost of industrial disputes more than halved its potential profits.

Mirror Group Newspapers

The performance of Mirror Group Newspapers was dominated by the effects of industrial action. The Division decided to pursue the negotiation of agreements which would reduce the overmanning from which the Division—along with the rest of Fleet Street—has suffered for two decades. The price paid in loss of copies and loss of revenue as a result of industrial action was high. The agreements have now been reached and we now look for a period in which, with the co-operation of the Unions, the Division can implement its plans to secure an enduring and profitable operation.

Wall Paper Manufacturers

The momentum of the previous year was well maintained for WPM products during the first half. In the second half, however, despite buoyancy of consumer demand, inflation caused severe de-stocking at the distribution end of the business and a dramatic reduction in off-take at manufacturing level.

One of the most encouraging features has been the increased earnings of the overseas operations, which augurs well for the planned expansion into the major decorative products markets of Europe.

In the home market, Crown maintained its leadership in vinyl wallcoverings and introduced two new DIY paint products which have been well received. Polycell successfully launched a number of new products.

Sanderson Wallcoverings, which also incorporates the Shand Kydd range of wallcoverings, continued to enjoy world-wide success.

Sanderson Textiles had a particularly successful year.

Retail operations moved decisively towards the objective of eliminating small and unprofitable shops and replacing them with a smaller number of high grade retail outlets.

Bradfield Brett, embracing a range of activities including the merchant converting of fabrics and a fashion house, enjoyed a successful year.

Reed Building Products

As forecast last year, the building recession in the UK has accelerated dramatically. Hopefully, the fall in demand for the industry's products has now bottomed out, although we doubt whether a substantial upturn will occur in 1975.

The outstanding danger in Europe, unlike the UK, is the effect that acute price competition may have on a high fixed-cost industry such as building products prior to the recovery in demand.

Whilst demand has been slack in Europe, last year through its strength in deep sea markets and particularly in the Middle East, the Division was able to increase its exports by 61%. Exports now represent 24% of the Division's total sales of building products.

Key Terrain and L. & P. Plastics had a relatively successful year.

The recession in the latter part of the year combined with the costs incurred for the expansion at Alsager reduced Twyfords profits substantially.

At Curran we have reorganised the business so as to concentrate on the manufacture of steel and plastic baths. Curran now produces the largest range of baths in Europe.

A successful bid was made after the year-end for Walker, Crosweller & Company, Limited, a company manufacturing and selling mixing valves for hot and cold water and shower fittings and instruments for the measurement of fluid flow, pressure and vacuum.

Australia and New Zealand

Reed Consolidated Industries external sales increased by 24%. This was achieved in a year in which RCI was initially handicapped by shortages of materials and delays in the delivery of products and equipment from abroad. Later there was a substantial downturn in business activity.

RCI acquired a Californian manufacturer of irrigation products, Anjac Plastics Inc. In addition to its irrigation operations in the United States, RCI also has a growing market for irrigation products both in Australia and overseas, principally the Middle East. In order to realise fully their considerable potential, Reed International has now grouped all its irrigation activities throughout the world, except South Africa, under RCI's control with operational headquarters in California. Further development in this field is planned and RCI is currently negotiating joint venture and licensing arrangements in several countries.

Capital expenditure increased by £11 million

1974 was an excellent year for RCI's packaging division.

The paper conversion and merchanting division maintained the improvement in sales and profitability established in 1973.

Market conditions for furnishing fabrics and wallcoverings were affected during 1974 by a downturn in demand. Sales and profit in New Zealand were buoyant.

RCI's publishing, mail order and record cassette operations had a successful year.

The downturn in its markets will make 1975 a difficult year for RCI.

North America

Substantial progress was made in 1974 toward our goal of consolidating the bulk of our North American operations into a single, well co-ordinated company. Reed Paper Ltd. is now the operating company responsible for our North American pulp and paper, packaging and wallcoverings operations. It holds substantially all of our North American interests, including our shares in the joint venture mills in British Columbia.

Reed Paper's earnings after taxation and including the joint venture companies in 1974 totalled C$36 million on sales of C$303 million. Of these sales in 1974 approximately C$157 million were in pulp and paper, C$51 million in packaging and C$66 million in decorative products.

Demand for most products held strong throughout the first three quarters of 1974, but signs of market softening began to appear in the last quarter. Our British Columbian joint venture pulp and paper operations had a difficult year as operating problems kept them from taking full advantage of buoyant world pulp and paper markets.

Analysis of sales and trading profit	Sales 1975 £m.	%	Trading Profit 1975 £m.	%
United Kingdom Companies				
Building products	26·8	2	0·8	1
Decorative products	155·6	14	6·9	8
Paper & paper products	311·8	28	27·8	31
Publishing and printing	241·3	22	5·0	5
Total U.K.	735·5	66	40·5	45
Overseas Companies				
North America				
Decorative products	34·4	3	3·5	4
Paper & paper products	113·2	10	24·1	27
Total	147·6	13	27·6	31
Australia				
Paper & paper products	53·8	5	5·1	6
Other activities	52·0	5	3·8	4
Total	105·8	10	8·9	10
Other countries				
Paper & paper products	70·5	6	5·8	7
Other activities	49·2	5	6·5	7
Total	119·7	11	12·3	14
Total overseas	373·1	34	48·8	55
Total sales	1108·6	100		
Less inter-company sales	140·0			
Total Sales excluding Inter-company sales	**968·6**			
Total Trading Profit			**89·3**	**100**

A number of acquisitions were made in 1974 and early 1975 of which the most important were: Alpa Industries Limited, a major distributor of lumber and manufacturer of building products in Canada with sales for the year ended 30 June 1974 of approximately C$73 million; the wallcoverings division of Dwoskin Inc. of Atlanta, Georgia, a major distributor of wallcoverings in the United States with sales of approximately C$25 million in 1974.

Demand for pulp and paper products is expected to be soft throughout 1975.

Indications are that lumber markets will see a gradual recovery throughout 1975. Decorative products will face a challenging year.

South Africa

The strong trading conditions evident in 1973 accelerated during 1974 and Reed Corporation continued to grow on its past achievements with pre-tax profits rising to R9 million.

Reed Corporation's paper, board and packaging activities had a good year.

Whilst the building products division showed a 30% advance in profits over the previous year, a downturn in the building industry was experienced in the last quarter. Nevertheless, the division continued its development of product range ready for the upturn that is expected in mid-1975. The decorative products division continued the steady progress of recent years.

The prospects for 1975 in South Africa are likely to be a year of consolidation.

Associated Companies

J. & J. Maybank had a successful year but it was not without considerable problems.

In spite of increasing pressure on costs, London & Provincial Poster Group had a satisfactory year.

The national economic downturn has had considerable effect on the television advertising revenue of ATV and margins have been under extreme pressure from inflationary costs.

The depressed state of the property market has meant that the development of properties owned by MEPC-Reed has had to be deferred in large part.

The position in our Australian joint venture publishing company, Sungravure, was particularly difficult.

Tasman Pulp and Paper showed an uplift in sales but cost increases meant a drop in earnings from last year.

The Future

The factors that changed the tempo of the Company's performance towards the end of 1974 have continued to operate in the early months of the new financial year.

Some of this pressure should ease as the year progresses. The sheer scale of the de-stocking that attended the rapid change from very tight to easy supply conditions has not perhaps been fully appreciated by those outside the pulp and paper industry. This is still working itself out but when completed it should enable us to maintain a higher level of manufacturing activity. Since only a small amount of additional capacity has been set down in recent years, the industry will move and move rapidly into strong supply conditions once the economies of the world recover their momentum. The predicted upturn in the USA economy, and its consequential effects on Canada, will enable Reed Paper to resume its profit growth that has been such an outstanding feature of our business in the last two years.

Another major consideration is the inherent strength of our operating Divisions. A number of major organisational and managerial changes have been implemented in the last two years. In Canada, there has been a complete reconstruction of our activities led by a dynamic and professional management team. In Australia and South Africa, the many and often diverse activities represented by Reed companies have also been brought under closer corporate direction, again with young and professional management, with a view to concentrating on those activities that have the greatest future prospect.

Better relationship needed between industry and Government

In the UK, we have been developing the strengths of our well-established and well-managed paper and converting operations; have continued successfully with the rationalisation of our publishing and printing interests, despite the industrial disruption that has attended some of the major changes; and, despite the poor current state of the market, have established a coherently structured group of companies — including now Walker, Crosweller — in the field of building products.

We have supported these structural changes with investment in new equipment and strategic acquisitions, and will continue to do so. The criteria for such investment will inevitably be more exacting and thus more selective than in the past and I am paying particular attention to the means by which our investment decisions and, indeed, the development of the Company's strategy as a whole, can be developed more successfully. The increase sought in the Company's borrowing powers, in order to bring them more into line with those normally associated with a company of our size, is one aspect of this. But, in the background to all this activity lies one major threat, namely, inflation.

The benefits of sound planning, good management and well-directed investment are all being put at risk, particularly in the UK, by the present rate of inflation. Major corrective action must be the top national priority and nothing should be allowed to stand in its way. I do not underestimate the difficulties nationally of bringing about a significant reduction in the level of wage and salary increases, of securing an improved utilisation of labour resources, of cutting back public expenditure and making more effective use of that which remains. But all these things are essential if manufacturing industry is to be successful in creating the resources on which the growth in our national wealth totally depends.

Second only to this is the need for a greater understanding and a better relationship between industry and Government than that evidenced by current policies and legislation. I am not conscious — as some Government pronouncements would imply — that companies such as Reed International are in any sense operating against the national interest, are other than responsible employers of large numbers of people and are susceptible to better management by people outside who know little of industry. I am conscious of the need for a closer and more constructive relationship with both Government and Trades Unions and in the interests of our shareholders and employees am willing to work to this end — but only on terms of mutual respect and genuine co-operation.

Reed International set for growth

THE FACTORS that changed the tempo of Reed International's *performance towards the end of* 1974 have continued to operate in the early months of the new financial year, says the chairman, *Mr. A. A. Jarratt.*

Continued de-stocking and the drop in demand for paper and paper products; the low level of activity in building products and in advertising; the extremely high and escalating level of inflation in the U.K. along with an unusually high level of inflation in our other main operating areas.

The combination of these factors has continued to exert heavy pressure on profit margins across the greater part of the company's business, both at home and overseas.

Some of this pressure, he says, should ease as the year progresses. The scale of the *de-stocking is still working itself* out but when completed it should enable maintenance of a higher level of manufacturing activity.

Since only a small amount of additional capacity has been set down in recent years, the industry will move and move rapidly *into strong supply conditions once* the economies of the world recover their momentum, the chairman declares.

Problems of these past few months have not been allowed to dissipate the major advances made in recent years in establishing a more realistic price structure, not only for paper and paper products but also across the whole range of activities. This determination to maintain prices "will stand us in good stead when demand picks up again."

Another major consideration is the inherent strength of the operating *divisions. A number of* major organisational and managerial changes have been implemented in the past two years.

Structural changes have been supported with investment in new equipment and strategic acquisitions, and the directors will con*tinue to do so.*

The criteria for such investment will be more exacting and more selective than in the past and Mr. Jarratt is paying particular attention to the means by which investment decisions and the development of the company's strategy as a whole, can be developed more successfully.

An increase is sought in the borrowing powers, in order to bring them more into line with those normally associated with a company of our size," is one aspect of this.

But, in the background to all this activity lies the major threat, inflation.

He stresses that benefits of sound planning, good management and well-directed investment are all being put at risk, particularly in the U.K., by the present rate of inflation. A significant reduction in the level of wage and salary increases, of securing an improved utilisation of labour resources, of cutting back public expenditure and making more effective use of that which remains are essential if manufacturing industry is to be successful in creating the resources on which the growth in the national wealth totally depends, he adds.

As reported on May 24 group pre-tax profit increased from £66m. to £85m. in the year to March 31, 1975 and the dividend is 10.283p (9.38) net per share.

Accounts adjusted for inflation shows sales on CPP basis £1,036m. (£932m.), pre-tax profit £93m. (£77m.), and earnings per share 54p (43p).

An analysis of sales and trading profit is as follows:—

	Sales 1975 %	Sales 1974 %	Trading Profit 1975 %	Trading Profit 1974 %
U.K. companies:				
Building products ...	3	3	1	5
Decorative prods. ...	14	15	8	13
Paper & paper prods.	28	27	31	34
Publishing & printing	22	26	5	9
Total U.K.	66	71	45	61
North America:				
Decorative prods. ...	3	3	4	2
Paper & paper prods.	10	8	27	16
Total N. America ...	13	11	31	18
Australia:				
Paper & paper prods	5	5	6	4
Other activities	5	4	4	6
Total Australia	10	9	10	10
Other countries:				
Paper & paper prods.	6	5	7	4
Other activities	5	4	7	7
Total other countries	11	9	14	11
Total overseas	34	29	55	39

Meeting 20 Aldermanbury, E.C., July 31, noon.

Hunting Gibson cancels contracts

By James McDonald, Shipping Correspondent

HUNTING GIBSON has informed shareholders that contracts for the building of two 50,000 deadweight tons lumber carriers in West German shipyards, for delivery in 1976, have now been cancelled. The benefits have been transferred to a third party and arrangements have been made under which the group will make *full recovery of all deposits* and expenses incurred.

For a third, similar, ship on order a medium-term charter party has been arranged in which the charter rate is protected against the action of inflation on operating costs and is directly related to the eventual delivered capital cost—inclusive of exchange fluctuations and interest payable during construction.

"With the removal of the major obstacles, we are now in a position to enter into serious negotiations for the financing of the third vessel—due for delivery in 1977—*which were not possible* previously," writes the chairman, Mr. Clive Hunting.

These negotiations, now satis*factorily concluded from the com*pany's point of view, overshadowed the annual accounts published in May.

The building contracts for the three ships called for instalment payment of about £31.5m. between 1975 and 1977 but the Canadian charterer for two of the ships said they wished to reconsider the chartering arrangements for the first two vessels. Negotia*tions then began for the sale of* the two ships to third parties at no loss to the group.

W. W. Ball midway increase

INCLUDING County Pressings *and Engineering, acquired on* October 1, 1974, pre-tax profit of W. W. Ball and Sons, makers of plastic moulding and components, *increased from* £214,000 to £241,000 for the half year to March 31, 1975.

The interim dividend is raised from 0.692p to 0.755p net. For the full year to September 30, 1974, dividends totalled 1.402p and pre-tax profit was a record £0.48m.

The chairman, Mr. J. E. Ball, says he remains "cautiously optimistic, in spite of the national situation."

	Half year 1974-75 £000	Half year 1973-74 £000
Turnover	4,988	1,436
Pre-tax profit	241	214
Tax	120	108
Net profit	121	106

● comment

Although W. W. Ball's sales are *slightly inflated by the inclusion* of County Pressings (which made a small first-time loss), an increase of a third does suggest that the group's increased concentration on own-brand products is paying off. The acquisition, plus the effect of another small loss-making subsidiary, must also have contributed something to the 2½ points fall in *profit margins*, but the main reason for this must surely have been the difficulties *which the group encountered in* passing on increases in operating costs. Some of the pressure from this should be eased in the second six months *of the year* when the group starts to see the benefits of a recent reduction in bank borrowings of roughly a third—from £367,000 in the last balance sheet—and, given that demand is holding fairly steady, that suggests at least a small rise in the second *half* pre-tax level. At 36p, the shares are yielding a prospective 6.6 per cent.

Wm. Reed lifts total to 2.4375p

WEAVERS, converters and merchants of man-made fibres, William Reed and Sons, is raising *its dividend from* 1.31875p to 2.4375p net for the year to March 29, 1975. Treasury consent has been given on recovery grounds. *Earnings per 25p share* are shown to have improved from 4.81p to 5.95p.

Against an indicated £310,000, pre-tax profit advanced from £157,950 to £317,364, after £155,044 (£84,214) for the first half. Turnover for the year expanded from £3.97m. to £4.37m.

The increase the profit achieved on a turnover up by only 10 per cent. reflects the very substantial three-year re-equipment pro*gramme completed during the last* quarter of 1974-75. In addition benefits from the rationalisation of acquisitions are beginning to *be realised*, the directors state.

The current year, which will be the first full year of operating with the re-equipment programme *completed, could see the company* continuing to increase its profits in a currently difficult sector of industry. The directors are hopeful that the recent growth will be maintained and are prepared to expand their operations by acquisition.

	1974-75 £	1973-74 £
Group turnover	4,370,365	3,965,000
Operating profit	467,562	271,190
Interest expense	150,198	113,240
Profit before tax	317,364	157,950
Taxation	174,580	51,000
Net profit	142,864	106,950
Extraordinary debits	38,133	18,553
Net balance	104,731	88,397
Dividend	58,500	31,630

Upsurge at J. & H. B. Jackson

TRADING profits of iron steel and non-ferrous merchants, J. and H. B. Jackson jumped from *£505,000 to £872,000 in the half* year to March 31, 1975, before debenture interest of £21,000 (same) and tax of £420,000 compared with £260,000.

The directors say that it is difficult to forecast future results, but they are confident that second half trading profits will be more than the £787,000 for the same period last year.

A second interim dividend of 0.194877p lifts the gross total from 0.60375p to 0.694877p. Certain directors have waived their dividend on 2.7m. shares.

'£10,000 spent on electricity chief's office'

WASTEFUL SPENDING of more than £10,000 on altering the office of one electricity Board executive was alleged in the Commons yesterday by Mrs. Jill Knight (C., Edgbaston).

She urged the Energy Department to tell electricity Boards: "The office party is over, and *indeed, at this time the office* party ought never to have begun."

She claimed: "Improvements to the London Electricity Board offices are currently being undertaken at the cost of somewhere around £1m. and one executive's office alone is reported to have cost already over £10,000."

She asked: "Is it too much to ask the *Minister* to tell electricity Boards that Britain really does face a very severe financial crisis indeed?"

Mr. Alexander Eadie, Energy Under-Secretary, said that the total spending in the past financial year by the CEGB on offices was a matter for the Board and he would ask its chairman to write to her.

Upward trend at Granada after mid-term slip

THE 28 weeks to April 12, 1975, turnover of Granada Group expanded from £52.56m. to £57m., but pre-tax profits dropped from £7.56m. to £7.02m.

However, group results since April 12 show an improvement which has eliminated all the shortfall, says the chairman, Lord Bernstein.

The interim dividend is 1.3p net compared with 1.19514p costing £90,000 (£862,000) and the maximum is forecast for the year. Last year's total was 2.2257p paid from pre-tax profits of £13.17m.

	28 weeks 1974-75 £000	1973-74 £000
Turnover	59,307	52,561
Trading surplus	19 189	15,585
Rental depreciation	7,323	7,339
Other depreciation	1,063	1 157
Interest	2,772	2,520
Profit before tax	7,027	7,559
Tax	3,957	4 217
Minority interests	450	225
Leaving	2,390	3,019

Lord Bernstein states that all U.K. divisions showed an improvement except television whose profits were reduced by £772,000 because of the change in the basis of Government levy.

Overseas television rental business is progressing as planned. The trading deficit in each successive month since December has steadily reduced and break even point was reached for the month of May. There are now 73 showrooms in Europe and Canada and five more will open in the current year.

The consolidation of the accounts of overseas interests within the group accounts has produced a debit adjustment of £863,000 due to the fall in the exchange rate of sterling. This is a matter which will be dealt with at the end of the year.

The subsidiary Robinson Rentals (Holdings) shows an improvement in taxable profits from £3.52m. to £4.51m. for the period. Turnover rose from £21.2m. to £23.81m.

The interim dividend is lifted from 1.93459p to 2.12p net and the maximum final is promised. Last year's total was 3.057252p, paid from profits of £6.4m. before tax.

The property investing and developing subsidiary Barranquilla Investments reports profit before tax up from £270,000 to £375,000 for the 28 weeks. Net revenue rose from £638,000 to £64 000.

The interim dividend is raised from 8.08062p to 8.79p net and the maximum final is forecast. Last year's final was 14.7735p and pre-tax profits were £624,000.

Capital and County Laundries

Turnover of Capital and County Laundries rose from £725,699 to £901,421 in the six months to March 31, 1975, and pre-tax profits have advanced from £56,519 to £102,985. Total for 1973-74 was £13,049.

First half tax takes £53,489 against £29,495 and minorities nil (£4,484). The attributable balance is up from £22,068 to £44,292 and stated earnings from 2.1p to 4.22p per 10p share.

The directors say that the first half increase is substantially due to the continued expansion of the linen and garment rental services, and reorganisation of the Millbay business.

As it is intended to hold down prices until the end of financial year it is not expected that there will be a marked growth in profits in the second half compared with second half of last year.

No agreement has yet been reached with the Price Commission who contend that the company has exceeded its net profit reference level for the past two years.

Slowdown at Hield Bros.

Mr. R. H. Hield, chairman of Hield Brothers, worsted cloth makers, told shareholders at the annual meeting that orders for the first seven weeks of the current year were somewhat better than for the corresponding period a year ago. But he added that momentum has again slowed down.

The world recession in the textile industry, combined with a high rate of inflation, had reduced orders and subsequent throughput and had placed acute pressure on profit margins which would be reflected in results for 1975-76.

Referring to the stake in Hield held by Illingworth Morris and Mr. I. Ostrer, Mr. Hield said that since the date of the annual report Illingworth has acquired a further 123,000 stock units of 5p each. This brought the combined holdings of that company and of Mr. Ostrer, as far as was known to date, up to 3,404,500 units, representing 22.40 per cent. of the Ordinary stock, compared with 21.53 per cent. in 1974.

Newman Inds. up at halfway

Group pre-tax profit of Newman Industries, the Bristol-based electric motor specialists, in the first half of this year "will exceed that achieved in the comparable period of 1974," Mr. Alan Bartlett, the chairman, told shareholders at the annual meeting.

"Present orders in hand are not encouraging. But because of our strength overseas we should be able to make better progress in 1975 than we would have done in a similar situation four or five years ago," he said.

Mr. Bartlett announced that Newman had reached agreement in principle for a medium-term bank loan which would bring about a "significant change" in the financial structure of the group. He told shareholders that the Board anticipated recommending a "higher dividend next year based upon the results for 1975."

Durban company to make 'Judy' dresses

Tootal Licensing, the international licensing organisation, has signed an agreement with Ninian and Lester (Pty) Ltd., of Durban, South Africa, to make Judy children's dresses.

Ninian and Lester is a substantial vertical company which produces knitted fabrics and men's wear, together with a range of women's dresses. The agreement with Judy, part of Tootal, completes the range of apparel for all age groups.

Tootal Licensing will provide information on styling, design and fabrics, together with technical advice on machine layout and production.

BBC libel damages for estate agent

PREBBLE AND CO., the North London estate agent, has been paid libel damages by the BBC over allegations on Radio London by a member of a Camden tenants and residents association.

A High Court judge heard yesterday that in the programme Platform, broadcast in April last year, it was alleged that Prebble's had resorted to unlawful methods of persuading tenants to leave property which it wished to develop. It was also claimed that the estate agent had attempted to evict tenants to make a profit.

The BBC accepted that the allegations were untrue and had paid Prebble damages and costs. The judge gave leave for the record of the action to be withdrawn.

PLAYER FOR DUNLOP MASTERS

Gary Player of South Africa has confirmed that he will play in this year's £20,000 Dunlop Masters to be held at Ganton Golf Club, near Scarborough, from October 1-4.

As the current British Open champion and the 1974 U.S. Masters champion, Player will head a field of 50 top international golfers, and will be trying to capture the title which he so narrowly missed in last year's Dunlop Masters whe he lost to Bernard Gallacher in a play-off.

State will aid architects' foreign work

A GOVERNMENT-SPONSORED agency will be set up soon to aid smaller architectural firms win foreign contracts, Mr. Fred Pooley, president of the Royal Institute of British Architects, announced yesterday.

An outline of the proposals was given by Mr. Reg Freeson Minister of Housing and Construction, to a deputation from the RIBA who saw him about the plight of the construction industry.

The agency is likely to be aimed largely at the Middle East. Mr. Pooley said: "In some parts of the country the problem will soon be that as many as one-third of the smaller architectural practices will be without work."

Goodyear turns in £3.6m.

FROM TURNOVER up from £91.3m. to £111.96m.—including exports ahead by more than £6m. to £20.72m.—pre-tax profit of The Goodyear Tyre and Rubber Co. (Great Britain) almost trebled to £3.61m. in 1974, which represents a recovery towards the record £5¼m. reported for 1971.

In his annual report the chairman, Mr. T. W. Harrington, warns that trading conditions in 1975 will not be easy, but the company has every reason to face the future with confidence.

Stated earnings are up from 5.5p to 14.1p per £1 share. The dividend of 1.4p, paid in March, 1974, stands as the total. It absorbs £164,000, against £879,000 in 1973.

Mr. Harrington says that progressive deterioration in the state of the national economy and the production cut back in the motor industry in 1973, prevailed throughout 1974 and were aggravated by an 11-week strike at the Glasgow factory early in the year, intermittent labour problems at the Wolverhampton and Craigavon factories, and the need to pay high rates of interest on inflated working capital requirements.

Continued progress was made at the industrial rubber products division at Craigavon, Northern Ireland.

On January 24, 1975, the company made a formal offer to acquire the capital of Kettering Motor Service Group, involving a net outlay of £1.6m. These transactions have now been completed, he reports.

During 1974 construction work continued on the earthmover remould plant at Barnsley, Yorkshire. Production is expected to start during 1975, when the whole of Goodyear's remoulding capacity for earthmover tyres will be centralised at Barnsley, adds Mr. Harrington.

	1974 £000	1973 £000
Turnover	111,955	91,330
Trading profit	7,329	4,186
Interest payable	3,976	2,677
Share of associates	91	163
Other income	161	115
Profit before tax	3,605	1,343
Tax	1,883	655
Profit after tax	1,722	688
Minorities	30	9
Attributable	1,692	679
Pref. divs.	34	34
Ordinary divs.	164	879
Increase in reserves	1,692	679

*Loss

Authorised group capital expenditure amounts to £5.46m. (£5.29m.) on which the estimated government grant totals £257,000 (£367,000). Contracts have been placed for £2.53m. (£3.09m.) of this.

The company is controlled by Goodyear Tire and Rubber Company of the U.S.

BOARD MEETINGS

The following companies have notified dates of Board meetings to The Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's time-table.

TO-DAY

Interims:—Winterbottom Trust.

Finals:—Brown Boveri Kent, Carclo Engineering, George Kent, Morgan Grampian, Rothmans International, Siebe Gorman, Standard and Chartered Banking, Tex Abrasives, Weston Evans, Zinc Alloy Rust Proofing.

FUTURE DATES

Interims:—	
Anglo-American Securities	Jul. 9
Birmingham Pallet	Jul. 9
Cowie (T.)	Jul. 3
Nottingham Patent Brick	Jul. 15
Finals:—	
Braby Leslie	Jul. 9
Caronl	Jul. 16
Inchcape	Jul. 24
Mole (M.)	Jul. 4
Toothill (R. W.)	Jul. 8
Wellman Engineering	Jul. 3

£18m. property sales by J. Lyons

THE ADVENT of the recession when the development programme of J. Lyons and Co. had reached its peak put cash resources under some strain until remedial action could be taken, says the chairman, Mr. B. L. Salmon.

In this situation, the basic resilience of the group and its latent strength has proved invaluable—particularly the availability of properties whose sale was and can continue to be a significant source of cash, he adds.

He points out that the directors have, for some years, regarded property as a readily realisable source of cash and had so disposed the portfolio that substantial realisations were and are possible without damage to the fabric of the business.

In the course of the year to March 28, 1975, £8m.-worth of investment property and £10m.-worth of dealing property were sold at a price in excess of book value.

While the company set itself the task of containing and then reducing borrowings, the efforts could not be expected to bear fruit in the past year due to prior commitments to be honoured and developments to be completed if the earlier expenditure on them was not to be dissipated.

Funds have been released by the sale to the partners of the 50 per cent. holding in Findus, and by the sale of property and portfolio investments. Since the end of the financial year arrangements have been made to sell to a subsidiary of Booker McConnell the major part of the wholesale and cash-and-carry business, Patrick Grainger and French, and to the Danish Bacon Company the remainder. This business was not integral with mainstream activities and constituted a potential conflict of interest with that of major customers of the manufacturing businesses.

Heads of agreement have been signed and will shortly complete arrangements for a 10-year £20m. loan from the Finance Corporation for Industry, which will replace short-term borrowings used to finance the development of our Northampton and Carlton factories.

With the completion of the major new cake bakery at Carlton by the end of the current year, the present period of exceptional capital expenditure in the U.K. will come to an end, says Mr. Salmon. Uncompleted capital work includes £11.74m. expenditure for the bakery. Year end commitments were £15m. (£29.5m.) of which £8.6m. (£12.61m.) were contracted for but not provided in the accounts.

In the past year overseas activities contributed 47 per cent. of the total turnover and 50 per cent. of the total trading profit. "In the next few years we have confidence that the scope and profitability of these operations will be of increasing importance," the chairman declares.

The directors are encouraged by the current level of group trading and have benefited from the lower interest rates experienced so far this year. Present expectation is that the profit performance of the group will show an improvement on 1974-75.

As reported on June 20 group pre-tax profit was £9.21m. (£9.19m.), and the dividend is 7.572 (7.83p) net.

Meeting, Cumberland Hotel W., July 24 at 12.30 p.m.

HESTAIR—93.9%

Hestair announces that in respect of its rights issue of three shares for every five held to raise £1m., acceptances have been received for 93.9 per cent. of the shares offered.

Grange Trust holds first half revenue

Revenue received by the Grange Trust during the six months ended May 31, 1975, amounted to £141,000 compared with £139,000 after charging debenture and loan interest payable and management expenses. No account has been taken of the subsidiary, Muir Investments, which has traded profitably during the period.

The interim dividend is of 0.67p (same) per 25p stock unit, equivalent to approximately 1.05p (1p) gross. Last year's total was 1.474p net paid from net revenue after tax of £169,297.

Following the significant recovery in world stock market prices during the last six months there has been a marked increase in the net asset value of each Ordinary stock unit, say the directors. In to-day's economic circumstances it is hazardous to predict the course of revenue or prices for any period ahead, members are told.

The company's portfolio remains well spread in the shares of soundly based companies and the valuation at May 31, 1975, showed that approximately 40 per cent. of the portfolio was then represented by overseas securities.

At May 31, net asset value per stock unit after deducting prior charges at par was 78.3p (42.0p at November 30) including 25 per cent. of dollar premium liable to surrender of 3.8p (2.2p). The liability to tax on unrealised capital gains not deducted from net asset value was 4.0p.

Hapag-Lloyd spells out prospects for 1975

BY GUY HAWTIN

FRANKFURT, June 30.

HAPAG-LLOYD, West Germany's largest shipping line, is to pay shareholders a 12 per cent. dividend plus a 12 per cent. bonus for 1974. But the group warned that the same performance will not be repeated this year.

Herr Jakob Kruse, spokesman for Hapag's executive Board, said the company had been able to improve on 1973's disappointing performance because of four main factors. The relationship between Deutsche mark and dollar had been relatively stable; capacity had been almost fully utilised; the fleet was structurally matched to optimum advantage to the areas of operation. In addition, there had been no major strikes in the most important trading areas.

Last year, holders received a meagre 9 per cent. Earnings had been hard hit by the appreciation of the Deutsche mark against the dollar—the currency in which the group receives the bulk of freight payments.

According to Herr Kruse: "In 1974 the development of the world economy and especially in world trade, which is decisive for a transport concern such as Hapag Lloyd, contributed primarily to such a positive result.

"Leaving aside tanker shipping last year was an extremly successful one for international shipping in general. Unfortunately, this favourable account cannot berepeated in respect of the current year."

Divisions of the group dependent on import and export trade had been hard hit by a fall in cargo volumes, particularly exports. This was felt during the final months of 1974 and continued into the first six months of the current year. There was still no sign of the "up-swing" that German industry has been anxiously awaiting for so long.

Herr Kruse bitterly attacked "state manipulation" and "state control" which, he said, were becoming increasingly apparent in the international shipping scene. During boom times these were not felt so painfully, but "to-day at a time of stagnant or falling world sea trade . . . we . . . have not alternative but to defend ourselves."

The Russian merchant marine and other state shipping lines took advantages of rights in free Western shipping ports that were denied to ships under West German, British, Japanese and American flags in their own countries. They won competitive rate-fixing procedures with "political prices" and clearly demonstrated that their shipping activities were "political instruments."

Despite the gloomy international scene, Hapag's investments were expected to total DM1.3bn. up to mid-1978. If no unexpected collapses in world trade and in the currency movements occurred, the results for 1975 would be satisfactory.

Alitalia loss widens sharply

ROME, June 30.

LOSSES of Alitalia widened sharply during 1974 to L37.96bn. from net losses of L6.62bn. in the previous year.

Alitalia, which is 75.5 per cent. owned by a state holding company, said that despite the heavy losses it expects to be able to break even within three to four years by cutting back services sharply to raise the load factor to 60 per cent. In 1974, the load factor for both cargo and passenger flights fell to 55.5 per cent. from 56.9 per cent.

Accumulated losses of the airline have reached L48.48bn., company directors told the annual meeting. Under law, registered capital must be reduced. And, as expected, the capital will be written down to L2.5bn. from L50bn. by reducing the company share par value to L500 from L10,000. There will subsequently be new shares issued at L500, to bring capital back up to L50bn.

The company said the losses were due to a rise of 34.4 per cent. in costs, which rose to L484.88bn. Income rose only 26 per cent., to L417.79bn. The balance sheet last year was further improved because the company made no allowances for depreciation on its fleet.

AP-DJ

Record losses by Japanese textile spinning industry

BY CHARLES SMITH

JUNE 30, 1975.

JAPAN'S TEXTILE spinners reported record losses for the six months ending last April reflecting the very low levels of operations at most companies during autumn and winter and a collapse in the market prices of wool and cotton yarn.

Most of the major companies, including the industry leaders Kanebo and Toyobo, were able to cover their operating losses to some extent by sales of property or securities, resulting in considerably smaller net loss figures. However, net losses by one major company Fuji Spinning were big enough to prompt emergency action by the company's principle bankers, the Mitsubishi Bank.

Two senior staff from Mitsubishi Bank and Mitsubishi Trust Bank were appointed as part time directors of Fuji after the company announced on Friday that it had made a net loss of Y8.41bn. (£12.7m.) in the April business term. A spokesman for Fuji told the Financial Times to-day that fixed assets would be sold during the current business term thereby making the company's results look good compared with those of other major spinners.

The biggest operating losses in the industry for the April business term were those of Toyobo (operating losses Y18.66bn., net losses after sale of assets Y930m.). Kanebo, the leading spinner, which has, however diversified into sectors including cosmetics and confectionery, reported operating losses of Y13.46bn. and net losses of Y870m. Both Kanebo and Toyobo are either closing spinning plants altogether or converting them to other uses.

Toyobo has presented a rationalisation plan to its company union which calls for the closure of two spinning plants with a total workforce of 760, employees would be reabsorbed at Toyobo's other factories. Kanebo has already closed a wool-spinning plant and converted a silk plant to food processing. Kanebo took the lead in the whole of Japanese industry in proposing a zero wage increase to its union as a means of tiding over the company's crisis. The offer was accepted although the union suffered expulsion from the Federation of Textile Industry Unions as a result.

The spinning industry found itself in crisis conditions last autumn when the price of cotton and wool yarn on the Osaka and Nagoya exchanges actually fell below the world market prices of raw cotton and wool on a weight-by-weight basis. The industry applied a "recession cartel" in December under which all member companies were obliged to institute production cutbacks equivalent to 40 per cent. of capacity. The cartel ended for cotton at the end of May and for wool at the end of April, after the Fair Trade Commission declined to authorise further extensions.

SSSF has record year

By William Dullforce

STOCKHOLM, June 30.

THE SOUTH SWEDISH Forest Owners' Association (SSSF) reports a record-breaking year for 1974 with group deliveries up by 36 per cent. to Kr.2.02bn. (£227m.) and profit after depreciation and interest more than trebled from Kr.93m. to Kr.323m. (£37m.). The profit corresponded to 15.9 per cent. of group turnover, compared with 6.3 per cent. for 1973 and 0.5 per cent. for 1972.

SSSF is a producer co-operative with a membership of 44,000 private forest owners who between them own 5m. acres of productive forest. It operates four industrial divisions:

The pulp division increased sales by 54 per cent. in 1974 and accounted for over half the group turnover, exporting more than 80 per cent. of the 793,000 tons produced by its three sulphate mills. Price improvements for pulp were particularly good. Both the packaging and wood mechanical divisions raised sales by 24 per cent. but the wood division had a lower profit level.

Mr. Lennart Schotte, the managing - director, describes 1975 as an uncertain year.

Enka sales fall sharply

BY MICHAEL VAN OS

AMSTERDAM, June 30.

THE SHARP recession in the chemical fibres industry is having a heavy impact on the business of the Dutch company Enka Glanzstoff, which is part of AKZO. The annual meeting of the German subsidiary has been told by group chairman Dr. H. G. Zempelin that group sales had totalled nearly Fls.1.2bn. in the first five months of this year. This represented a decline of as much as 32 per cent. from the same period in 1974, with the sales drop in both chemical fibres and in the non-fibre sectors of about the same magnitude.

Dr. Zempelin told shareholders that a number of setbacks since the end of last year had meant that the capacity utilisation level of the Enka Glanzstoff production installations had gone down further. At the moment, capacity utilisation for textile yarns and fibres was an average 50-60 per cent. and for industrial yarns 60-70 per cent.

Faced with a declining demand for its products and at the same time a continuation in the rise of costs, the group had inevitably moved into a "serious loss making position." Dr. Zempelin added that in view of the current prices and capacity utilisation rates, "the company has ceased to be able to earn the depreciation."

The Enka chairman stressed that it would have to make full use of the internal possibilities of preventing a further decline as the group had only little influence on the market situation. The measures included a reduction in staff, limiting investment and maintenance expenditure to a minimum, plus a strong lowering of the stocks.

The various measures offered only temporary relief and not structural improvement in the position. This is why Enka had called in an American management consultancy with international experience to analyse the situation and the prospects for the longer term.

Dr. Zempelin stressed that the "road to better times" for the group will be one with great difficulties and possibly necessitating "painful surgery." The number of people at Enka Glanzstoff involved in short-time working, had now receded to about 16,000 as a result of the holiday period.

Consolidation at IMI

By Tony Robinson

ROME, June 30.

THE DIFFICULTIES which faced Italian Commercial Borrowing on the international capital market last year and the virtually paralysed state of the new issue domestic bond market for much of 1974 effectively braked the lending ability of the Instituto Mobiliare Italiano (IMI) and made 1974 essentially a year of consolidation. This emerges from the annual report, presented to shareholders to-day, by Signor Giorgio Cappon, the new chairman who took over from Signor Silvio Borrio in March. IMI is Italy's largest special credit institute.

While demand for new loans rose 19 per cent. to $5.1bn., loans actually signed dropped slightly to $2.4bn. compared with $2.5bn. in 1973. This brings the total of loans outstanding as of March 31, 1975, to $10.2bn.

Loans for investment financing rose marginally to $1.9bn. from $1.88bn. in 1974, representing a sharp drop in real terms, given an inflation rate last year in excess of 20 per cent. Loans for export financing rose to $543m. from $519m.

The recovery of the new issues bond market in Italy over the first quarter of 1975 enabled IMI to raise a total of $2.2bn. compared with $2.4bn. equivalent in financial 1973. Bonds outstanding as of March 31 totalled $8.1bn.

Given the difficulties of foreign borrowing, the institute's foreign operations last year were concentrated mainly on strengthening its existing links with foreign banking and financial institutions. Loans of over $177m. were contracted with the European Investment Bank plus an unspecified amount with the World Bank.

IMI reported a net profit of $41.4m. of which $4.3m. went to pay dividends and $36.7m. to reserves.

Haw Par shareholder plans

BY MARGARET REID

THE EXTRA - ORDINARY general meeting of shareholders in Haw Par Brothers International to vote on the plan for the Malaysian Government-controlled Pernas Securities to take a near-40 per cent. stake in the company will only be called after the necessary circular has been agreed with the appropriate authorities.

Saying this at the annual meeting of the Singapore-based company, the chairman, Mr. James Gammell, made it clear that the circular would first be agreed by the Board with the Singapore Stock Exchange and the Singapore Securities Industry Council.

He also said that the Board had appointed Chartered Merchant Bankers, a leading Singapore merchant bank, to examine the transaction independently and report to shareholders when the special meeting was convened.

The Haw Par-Pernas link-up project is up against problems caused by rulings of the take-over authorities both in the East and in London.

The Singapore Securities Industry Council has called on Pernas to make a full-scale bid for Haw Par, and at the price of some $2.42 a share at which the company's shares were trading at the time the deal was announced, as distinct from the lower price on which the £25m. get-together transaction was worked out.

In London, the City Take-over Panel has ruled that Haw Par must itself mount a general bid for London Tin, since under the deal, whereby Pernas will transfer to it a portfolio of Securities, Haw Par will raise its stake in London Tin Corporation from just under 30 per cent. to some 51 per cent.

Intensive consideration about the questions raised by these rulings is under way by the two top-level London merchant banks now advising Haw Par with the Bank of England's approval, Baring Brothers and J. Henry Schroder Wagg.

At present, ways in which London institutions might be prepared to help finance a Haw Par bid for the rest of London Tin seem to depend to a considerable degree on clarification whether Pernas will or will not bid for the whole of Haw Par itself.

Meanwhile the Haw Par board has sent a letter to the Stock Exchange of Singapore in reply to their letter of June 25, answering criticisms of certain information given earlier.

In the view of the directors, this letter provides a detailed explanation of all points raised by the Stock Exchange of Singapore, it is stated.

Uddeholm sees lower profit

By William Dullforce

STOCKHOLM, June 30.

UDDEHOLM, the Swedish steel and forestry concern, has revised downwards its earlier profit forecast for 1975 and now expects its result to be "somewhat lower than that for 1973. Then, it had a pre-tax income of Kr.105m. (£12m.). This compares with a pre-tax profit of Kr.356m. (£40m.) for 1974 on a turnover of Kr.2.26bn. (£260m.).

Earnings for 1975 will be badly affected by increases in wage costs and the new energy tax the interim report states.

The revised forecast implies a decline of 65 to 70 per cent. in profit this year or a return per share of Kr.13 compared with Kr.34 per share in 1974.

In a brief four-month report the concern states that sales were slightly larger than for the first four months of last year but profits had declined and the market deterioration was expected to result in a drop in annual turnover.

CSR plans $25m. Eurobond

FINANCIAL TIMES REPORTER

CSR IS planning to raise $25m. through an issue of five-year notes on the Eurodollar bond market.

S. G. Warburg and J. Henry Schroder Wagg together with Banque de Paris et des Pays-Bas, Commerzbank, Credit Suisse White Weld, Kredietbank Luxembourgeoise and Union Bank of Switzerland (Securities) are arranging the offer through an international syndicate.

Final terms are expected to be set on July 8 in accordance with the then prevailing market conditions, but existing market conditions indicate a coupon of 9½ per cent. Application will be made to list the notes on the Stock Exchange in London.

This is the first issue by CSR in the Eurodollar bond market. CSR is the second largest Australian-owned listed company with a market capitalisation on June 27, 1975, of $A416m. ($553m.). Profits after tax for the year ended March 31, 1975, were $A36.8m. ($49.8m.).

*

The Republic of Austria plans to issue 8½ per cent., seven-year Dutch guilder notes at 100 per cent. to a maximum amount of Fls70m., Amsterdam Rotterdam Bank said as one of the syndicate leaders, Reuter reports.

*

The Sw.Frs.80m. 7¾ 15-year loan floated by the European Investment Bank on the Swiss capital market was heavily oversubscribed, Schweizerische Bankgesellschaft told Reuter.

*

A $35m. loan to Yachmientos Petroliferos Fiscales, the Bolivian state oil company, has been signed in London. The loan is divided into a $15m., five-year tranche bearing semi-annual interest at 2 points above London interbank Eurodollar rates and a $20m., eight-year tranche bearing 2.25 points above Eurodollar rates.

*

The National Bank of Greece is negotiating with a syndicate led by Credit Lyonnais for a $175m., five-year loan at 1.75 points above interbank Eurodollar rates, banking sources in London said.

Olivetti research and development paying off

BY ANTHONY ROBINSON

ROME, June 30.

OLIVETTI'S NEW chairman Signor Silvio Borrio told shareholders at the AGM that consolidated group turnover in the first five months of this year rose 6 per cent. to L278bn. to which the parent company contributed L122.5bn., up 13 per cent. Exports of the Italian parent company rose 25 per cent. over this period to L61bn., bringing exports practically up to the level of sales on the depressed domestic market, this rose only 3.5 per cent. to L61.5bn.

Group production, worldwide, rose 14 per cent. over the first five months of this year while new orders are down 7.7 per cent. compared with the same period a year ago. They are up 15.4 per cent. when compared with the last five months of 1974, when the Italian economy in particular went into a sharp decline affected investment goods in particular.

Olivetti's ability to maintain growth in the face of a domestic recession and tough international trading conditions is attributed principally to the intensive — and successful — research and development of new electronic business machines, micro computers and calculators. Last year, Olivetti spent L27bn. on research and a similar amount on tooling up for production of new products like the A5, A7 and TC 800 computerised information and accounting systems.

Some 3,000 units of the new family of machines have been ordered at prices ranging between $10,000-$50,000 each. Electronic equipment now accounts for 45 per cent. of Olivetti group turnover.

Last year the parent company made a net profit of L4.2bn. on turnover up 36 per cent. to L344bn. while group turnover rose 25 per cent. to L796bn.

Assets of the parent company total L177bn. and net indebtedness L167.6bn. Higher interest rates raised financial charges to L22bn. from L13bn. For the group as a whole, net indebtedness rose L60bn. to L446bn. last year.

Bank Hapoalim issue

BY L. DANIEL

TEL AVIV, June 30.

BANK HAPOALIM, Israel's second largest bank, is to-day making the biggest single offer of shares yet recorded here. It totals almost £16.43m. Last year, the bank also floated the largest issue up to then—£12.1m.

In 1974, the bank paid a 12.5 per cent. cash dividend and a 30 per cent. bonus and for the three preceding years 12.5 per cent. cash plus 20 per cent. in bonus shares.

Today's offer to the public is 90m. bearer shares at £12.20, which is slightly less than the Stock Exchange quotation plus a five-year option to buy additional shares. One "option share," costing £11.0 each, is offered for each five "normal" shares bought. In addition, the bank is making a special cheap issue to its employees.

Dutch win Saudi order

AMSTERDAM, June 30.

STEVIN GROEP said a Dutch consortium won an order worth about Fls.1bn. from the Saudi Arabian Ministry of Communications for construction of an industrial port near Jubail. The complex is scheduled for completion early 1978.

The order has been awarded to a combine of Bos Kalis Westminster Group, Zanen Verstoep and Stevin Groep.

Reuter

BHP dealing restrained

MELBOURNE, June 30.

THE TRADE Practices Commission has asked Broken Hill Proprietary to refrain from acquiring any further shares in ARC Industries.

The Commission is concerned that progressive acquisition by BHP of shares in ARC may have the effect of foreclosing or restraining competition, contrary to the Trade Practices Act, BHP added.

On Friday BHP said it held 9.73m. shares of ARC's paid-up capital of 31m. ordinary (50 cent) shares. ARC makes steel and wire concrete reinforcing for the building industry.

Reuter

Air India worst loss

By Our Own Correspondent

CALCUTTA, June 30.

AIR INDIA, India's international airline, had its worst financial year in 1974-75. The airline reports a big loss of Rupees 100m. for this year while the year before it reported a small profit despite a big increase in its fuel bill.

Two factors have contributed to Air India's loss. The airline says that a prolonged strike by its pilots midway during the year and a widespread practice of illegal rebating among international operators generally affected profits.

But Air India's managing director now looks forward to a better year in 1975-76 not only because of the possibility of a turnaround in the world economic situation but also because of the airline's efforts at broadening cargo and passenger markets.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Amax 8½pc 1986	99	100
Ashland 8pc 1987	91½	92½
Australwiss 9pc 1987	99	100
BFCE 9pc 1989	97	98
Bornigaard 9½pc 1989	96	97
Carrier 8pc 1987	90	91
Conoco 8pc 1988	96	97
Consol Foods 7¾pc 1991	87	88
Cutler Hammer 8pc 1987	92	93
EIB 9¾pc 1985	101½	102½
Esso 8pc 1986 Nov.	97½	98½
General Cable 8½pc 1987	89	90
General Motors 8¼pc 1996	102	103
GTE 8½pc 1980	97	98
ICI 7¾pc 1992	79½	80½
Nat. Grindlays 7½pc 1987	78½	80½
Pacific Light 8pc 1988	90½	91½
Prov. of Quebec 7½pc 1988	88	89
Quebec Hydro 8pc 1989	97	98
Queensland 8½pc 1987	89	90
Scanraff 8½pc 1988	93½	94½
Shell 8pc 1988	97	98
Standard Oil 8½pc 1988	99	100
Tenneco 7½pc 1987	87	88
Transocean 8pc 1986	98	99
TRW 8½pc 1986	96	97
Utah 8pc 1987	92	93
Volvo 8½pc 1985	99	100
NOTES		
Air France 9½pc 1982	101½	102½
Australia Ind. Dev. Co. 10¼pc 1981	103	104
Barclays 7½pc 1978	97	99
Cie Natl. Du Rhone 10pc 1982	103	104
Du Pont 7¾pc 1978	101½	102½
Esso 7½pc 1978	100½	101½
General Motors 8½pc 1976	101	102
Marubeni 9½pc 1982	101	102
Nippon Fudosan 10¼pc 1981	102½	103½
Skandinaviska Enskilda 10¼pc 1981	103½	104½
Tenneco 7½pc 1979	98	99
Tokyo Curacao 10¼pc 1981	102½	103½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	81	[illegible]
Ashland 5pc 1988	81	[illegible]
Beatrice Foods 4¼pc 1992	95	[illegible]
Beatrice Foods 4½pc 1992	101½	[illegible]
Borden 5pc 1992	90	[illegible]
Broadway Hale 4¼pc 1987	74	[illegible]
Canon Camera 7¼pc 1989	91	93
Carnation 4pc 1987	89	[illegible]
Chevron 5pc 1988	101	[illegible]
Dart 4¾pc 1987	89	91
Eastman Kodak 4½pc 1988	115	117
Economic Labs. 4½pc 1987	86	88
Fidel 7½pc 1989	99	101
Ford 6pc 1986	84½	86½
Ford 5pc 1988	74	76
Fuji 6½pc 1985	106	[illegible]
General Electric 4¼pc 1987	96	98
Gillette 4¾pc 1987	79	81
Gould 5pc 1987	82	84
Halliburton 4¼pc 1987	139	[illegible]
Harris 5pc 1992	96	[illegible]
Hitachi 6½pc 1984	105	[illegible]
Honeywell 6pc 1986	79	[illegible]
ITT 4½pc 1987	67	[illegible]
Komatsu 7½pc 1990	108½	[illegible]
J. Ray McDermott 4¾pc '87	139	[illegible]
Mitsui 5½pc 1989	150	[illegible]
J. P. Morgan 4¼pc 1987	121	[illegible]
Motorola 4½pc 1988	124	[illegible]
Owens Illinois 4½pc 1987	87	[illegible]
J. C. Penney 4¼pc 1987	67	[illegible]
Pioneer 6½pc 1989	141	[illegible]
Rand Selection 6½pc 1986	100	[illegible]
Rank 4½pc 1990	43	[illegible]
Revlon 4¼pc 1987	100	[illegible]
Sperry Rand 4¼pc 1987	99	[illegible]
Squibb 4½pc 1987	86	[illegible]
Toshiba 6½pc 1985	123	[illegible]
Union Carbide 4½pc 1982	108	[illegible]
Warner Lambert 4¼pc 1987	93	[illegible]
Warner Lambert 4¼pc 1988	80	[illegible]
Xerox 5pc 1988	76	[illegible]

Source: Kidder Peabody Securities.

London & Northern sees further improvement

IN HIS ANNUAL statement, the chairman of London and Northern Securities, Mr. J. H. M. Mackenzie, says that the improvement in group profits which occurred in the second half of 1974 has continued into the first four months of the current year, and satisfactory growth is expected for the year as a whole.

As reported on June 9, taxable profits fell from £9.3m. to £8.25m. in 1974 after £3.46m. (£5.15m.) in the first half. The dividend is 3.25p (3.2193p) net.

An analysis of pretax profit by activity shows in percentages: Construction 35, building products and construction services 18, metal reclamation and steel stockholding 40, and associate companies 7.

The chairman states that in a year when turnover increased by £62m. (38 per cent.) the group's net indebtedness increased by £10.5m. (35 per cent.) a trend which is expected to be reversed in the current year and which must be considered in the light of exceptional trading circumstances.

The overseas construction division experienced an unprecedented increase of £50m. in turnover which led to an increase of £7m. in borrowings to £8m. accounting for the bulk of the increase. These borrowings are being reduced by payments in accordance with contractual terms and material reductions should occur by the end of the year.

The group is expecting a reduction of borrowings in the current year from receipts from overseas and an improvement in housebuilding activities together with settlement of contractual claims. The financial position will also have been assisted by the deferment of taxation payable by the group of approximately £2.5m. as a consequence of stock appreciation relief, which is in itself recognition of the inflationary pressures.

During the year the Board has continued its policy of consolidation, and where necessary rationalisation.

It has reduced involvement with heavy earthmoving contracts which rely primarily on governmental development programmes. It has also limited involvement in the construction industry in Southern Ireland where the trading future is uncertain. It has accordingly disposed of its interests in P. Merriman (earthmovers in the U.K.) and the companies forming the Riversdale Group (contractors in Southern Ireland).

The construction, contracting and housebuilding companies in the U.K. are earning higher profits in the current year and with the overseas contribution expected to be maintained and certain loss-making businesses eliminated, the signs are that the profit contribution from this sector will show "a satisfactory overall improvement this year."

Meeting, Essex Hall, W.C., on July 24 at 2.30 p.m.

Fraternal Estates £0.42m. loss

AFTER A LOSS of £352,000, against a profit of £260,000, in the first half, Fraternal Estates finished 1974 with a deficit of £420,421 compared with a profit of £305,125 before tax.

The loss per 5p share is given as 5.38p (earnings 1.51p) and there is no dividend (1.032p net).

Turnover fell from £9.39m. to £5.93m. Tax recoverable was £212,485 (payable £169,000) and the net loss was £483,936 (profit £136,125) after non-recurring expenditure £176,000 (nil) and provision for interest £100,000 (nil).

The directors say that non-recurring expenditure of £176,000 was due to reorganisation costs and a provision of £100,000 to be set against interest charges payable during 1975.

In connection with the group's development at Salterns Point, they say that the company is currently trading profitably. As a result of the reorganisation the group has reverted to a simple structure and now comprises two main elements, the property investment portfolio and the Rob Walker Motor group.

Consolidated Commercial

Consolidated Commercial Co., currently the subject of an agreed £1.5m. bid by Rubislaw Investment Trust, is delaying the publication of its accounts, probably until early September.

The company, which has interests in property and food, said the accounts were being delayed because a valuation of certain of the Group's interests, especially those overseas, is being carried out to assist the directors to make provisions in their accounts.

The statement adds that "discussions are well advanced" in respect of certain matters which, if concluded, could have a "materially beneficial effect" on the group's position for the period ended December 31, 1974. As a result of this the company is seeking tax advice and thus expects the accounts to be delayed. In the half-year ended June 30, 1974 Consolidated Commercial reported pre-tax profits down from £628,100 to £420,000 on turnover which increased from £11.6m. to £13.7m.

Cronite first half upsurge

A HALF TIME profit increase of 93 per cent. to £203,000 is announced by The Cronite Group. The results reflect continued progress following diversification by the creation of operating subsidiaries, all of which made significantly increased contributions to Group profits, says the chairman, Mr. K. F. Ward.

He warns, however, that order books are declining and depressed trading conditions in Europe are adversely affecting metal merchanting activities. Results for the second half year are expected to show a downturn. Profit for the year to September 30, 1974 was £244,000.

The interim dividend is 0.7315p net per 25p share, against 0.75375p. Last year's total was 2.26125p.

	Half year 1975 £000	1974 £000	Year 1973-74 £000
Turnover	1,773	968	2,361
Trading profit	206	97	352
Net int. charged	3	*9	*9
Profit before tax	203	105	344
Taxation	106	[illegible]	145
Minority interests	5	—	2
Attributable	92	50	97

* Credit.

TAP STOCK

The prospectus is published to-day in connection with the issue of £500m. of 12¾ per cent. Treasury Loan 1995 at £88.50 per cent.

McCleery L'Amie up at halfway

From turnover up from £6.39m to £7.41m., pre-tax profit of McCleery L'Amie Group, ropemakers, improved from £761,000 to £770,000 in the half year to April 30, 1975, despite a nil contribution from the textile division which is still suffering from cheap imports from the free Far East.

After five months, the chairman, Mr. T. D. Lorimer reported that profits were in advance of the average for the previous year and he looked forward to year-end results in excess of those achieved in the past 12 months.

He says now that in the uncertain trading conditions at present, it is not possible to forecast with any degree of accuracy the outcome of the present year. However, while difficult marketing conditions have been experienced, the company is at present continuing to maintain turnover and profitability.

Earnings per 25p share are shown to have increased from 3.2p to 3.28p. The interim dividend is being held at 0.7537p net.

For the full year to October 31, 1974 dividends totalled 1.675p an pre-tax profit a record £1.26m.

	Half year 1974-75 £000	1973-74 £000
Turnover	7,413	6,392
Trading profit	1,057	1,058
Depreciation	186	171
Interest	101	[illegible]
Profit before tax	770	761
Tax	354	345
Profit after tax	416	416
Exceptional credits	—	86
Pref. dividend	2	2
Attributable	414	500
Interim dividend	97	94
Retained	317	406

MASON & BURNS £39,949 LOSS

Malleable ironfounders, Mason and Burns, incurred a second-half pre-tax loss of £33,949 during the year to March 29, 1975, compared with a profit of £15,179 for the previous comparable period. The year-end loss is £39,935, against £8,550 profit.

The first half's "disappointing" results were caused primarily by a lack of production following teething troubles at the new melting and sand handling plants and the directors said then that it would still take a little more time to reach the optimum production originally visualised.

No dividend is payable for the 12 months, compared with 0.5p net the previous year.

Turnover increased from £0.56m. to £0.82m.

There was a tax credit of £16,000 (£5,800 charge), leaving a net loss of £23,935 (£2,750 profit).

MINING NEWS

New blow for Javelin

BY LESLIE PARKER, MINING EDITOR

HAVING BEEN demoted by the Panamanian Government from the status of being allowed to develop the huge Cerro Colorado copper deposit in that country, the controversial Canadian Javelin company has now learned the ultimate truth about its expulsion from the right to open up the Julian Lake iron ore deposit in Labrador.

The Bill passed by the Newfoundland legislature provides for what looks to be a derisory compensation of $0.75m. compared with Javelin's claim that it has spent $8.4m. on the property. The company's verdict, our Montreal correspondent reports, is that this represents "outright confiscation."

The Government, headed by Premier Mr. Frank Moores, accuses Javelin of not making enough effort to get development started. The company argues that it was prevented from making a deal with other interests to open up the property because of the Government's refusal to grant certain surface and other rights. There is certainly much to argue about. Estimates of the Julian deposit range up from 600m. tons averaging 34.5 per cent. iron to as much as 1bn. tons.

It is the expenditure involved in the project that looks likely to be ultimately the key factor. This could be over $500m. (£171m.) at present inflationary rates. As with the Panama operation, the Newfoundland Government is looking for new contenders for the Julian hand on an international scale.

From a London mining viewpoint it hardly seems likely to be putting forward a magnet for such offers by its new proposals that follow in almost parrot-like fashion those of other Canadian provinces for increasing the rate of mining taxation. This would again hit Canadian Javelin's income from the Wabush iron ore operation in Labrador as well as that of many other mining companies.

SIR GEORGE FISHER

Australia is saying good-bye to one of its leading figures in the mining industry who has spent 50 years therein and who was chairman of Mount Isa Mines during that company's major expansion of its copper and lead-zinc-silver production in the 50s and 60s. He is Sir George Fisher who retired yesterday as president of MIM Holdings, as Mount Isa is now known, and as a member of its Board of directors.

Sir George also played a large part in the development of the town of Mount Isa from a small community to what can now be well described as a major inland city. He is an Australian although he headed for so many years a group that was then controlled by American Smelting and Refining which still has a 49 per cent. stake therein.

CANADIAN GOLD HOPE

The latest news from Canada's gold-orientated Quebec Sturgeon River Mines is that financing arrangements are expected to be concluded soon to enable its Bachelor Lake property in north-western Quebec to reach production early next year. These would also allow the underground programme at the company's second gold prospect near Timmins in Ontario to be continued.

Feasibility studies are progressing to confirm capital cost estimates for Bachelor Lake along with engineering and mill processing while tonnage and grade possibilities are also being assessed. Essentially, all the mill equipment to operate a 1,000-tons-a-day cyanide mill has now been purchased.

Replying to a query at the annual meeting about the fall in the company's shares the chairman, Mr. Harold P. Coplan, thought it might be related to what he described as "distress" selling from Europe. Nothing in the company's affairs "could have occasioned any concern by any shareholder." Quebec Sturgeon shares are quoted in our list of closing prices in Canada.

BEACH SANDS GO-AHEAD

A development agreement with Allied Eneabba has been signed by the Western Australian Government for a planned $20m. (£12m.) heavy mineral sands project to go ahead this month for production in August with a target capacity of not less than 0.45m. tonnes of minerals a year.

The group, a joint venture between Allied Minerals and America's Du Pont, is also committed to submitting detailed studies for upgrading ilmenite within four years of commissioning. Environmental aspects would be protected it was stressed at the signing ceremony.

The agreement has been reached, our Perth correspondent reports, as the bloom has gone off the previously inflated prices for zircon and rutile with a highly-geared project facing greater interest rates amid fierce inflation costs. In other words, the Eneabba strip's early boom-time atmosphere has been dissipated amid the cold realities of the current mining scene our correspondent adds. Allied Minerals were quoted at 53p in London yesterday.

MINING BRIEFS

UNITED TIN AREAS OF NIGERIA—May: output of concentrates (72 per cent. grade): figures in metric tons: Tin 4. Columbite nil. Two months to date: Tin 9. Columbite nil (same period 1974-75: tin 13½, columbite nil).

Gartons sees small profit

Gartons, agricultural seedsmen, incurred a loss of £28,804 (£24,036) for the seven months to November 30, 1974.

However, the directors are confident that, after the adverse trading conditions of last year, trading has returned more to normality and they expect a small profit for the year to April 30, 1975. For the previous year there was a loss of £147,353.

Loss per 10p share for the seven months was 1.1p (1.2p). As before there is no Preference dividend. Turnover for the period was £472,912 (£608,643).

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or −	Div. £ or Amount	Times covered	Gross Yield	P/E Ratio
‡	F.P.	—	172	166	Alroyd & Smithers	165	......	—	—	—	—
48	F.P.	11/7	56	48	Clive Discount 20p	48	......	16	—	9.6	—
‡	F.P.	—	£221¼	£171½	Cons.Gas. Inc. 8½%	£198½	+½	[illegible]	—	4.4	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price £	+ or −
£1	F.P.	—	100	98⅝	Agricultural Mortgage 11% 1976	100	......
‡£100	£25	14/8	65½	39	Allied Irish 10% Conv. Uns 1985	41	−1
$100	F.P.	—	£100	£99½	Barclays Bank Int. 9¾% Capital Notes 1982	£99½	−½
£97½	£10	—	10	9¾	City of Westminster 13% Red. St. 1981	9¾	−½
£100	F.P.	13/7	102	101	Colne Valley Water 9% Red. Prf. 1980	101	......
‡£100	£10	—	11¼	11¼	East Surrey Water 9% Red. Pref. 1980	11	......
£100	F.P.	—	£105	£102½	Ennia Finance U.K. 9¾% Cnv.Gtd.Uns.Ln. 85-90	£102½	−1½
£100½	F.P.	31/7	112	100½	Folkestone Dist. Water 9% Red. Prf. 1980	100½	−1¼
‡£100	F.P.	6/6	132	115	Gestetner 10% Conv. Uns. 90/95	115	−5
$98	F.P.	—	$98½	$96½	Granges 9¾% Bonds 1985	$98	−½
£99	F.P.	30/5	102¼	98½	Lincoln Corp. 13% 1980	100½	−¼
£99	F.P.	30/6	106½	101	Mid-Kent Water 10% Prf. 1980	101¼xd	......
**	F.P.	23/5	106½	101½	Mid-Southern Water 10% Prf. 1980	101¼xd	......
$100	F.P.	—	$102½	$100½	Norsk Hydro 9¾% Bds. 1985	$102¼	......
£100	F.P.	1/5	125	106	N. Atlantic Secs. 10% Cnv. 85-86	110	−1
£100½	F.P.	31/7	112¼	100½	N. Surrey Water 9% Red Prf. 1980	100½	−1½
**£100	Nil	—	5	4	Prop. Hldgs. & Inv. 9% Conv. '90/5	5pm	......
[illegible]	F.P.	—	105¼	101	Rickmansworth & Uxbridge Reg. Prf. 1980	104	......
£99½	£45	1/8	46¼	43½	Southend-on-Sea 12¾% 1981	43½	−¼
£99	F.P.	11/4	105	98	S. Staffs. Water 10% Prf. 1980	101½xd	......
**	F.P.	18/4	105	101	Sutton District Water 10% Prf. 1980	101½	......
£99¼	F.P.	11/7	99¼	88¾	Warwickshire 12¾% Red. Stk. 1980	99	−¼
£1	F.P.	24/6	110p	88p	Waterford Glass 10% Conv. Cum. Red. Pref.	99	−1½
—	F.P.	14/2	96	89	Worth Hotels 12% Conv. Uns.	92	......
‡£100	£50	2/10	87	67	Yorks Chems. 12¾% Conv. Uns.	75	−1

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date 1	Latest Renunc. Date 2	Stock	Closing Price p	+ or −
53	F.P.	16/6	2/7	Associated Biscuit	54	+1
43	F.P.	20/6	8/8	Associated Engineering	47	−3½
25	Nil	7/7	21/8	Barrow Hepburn	6pm	−2½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

WILLIAM REED AND SONS LIMITED

Group Results for the Year ended 29th March, 1975

	1974/5 £000's	1973/4 £000's
Sales	4,370	3,865
Operating profit	467	271
Interest expense	150	113
Profit before taxation	317	158
Taxation	174	51
Profit before taxation	143	107
Extraordinary items	38	19
Net Profit	105	88
Dividend—net	59	32
—percentage	9.75%	5.275%

★ The Group has been advised that H.M. Treasury will give its consent to declare the increased dividend, which is in excess of the statutory limit and is equivalent to 15% in the hands of shareholders.

★ Profit before taxation for the year is double that of the previous year and is the highest in the history of the Group.

INSURANCE BROKING MERGER ROSS COLLINS / SPRINKS

The Directors of Ross Collins Ltd. and H. R. Sprinks & Co. Ltd. both of City Wall House, 84/88, Chiswell Street, London EC1Y 4TB announce that they have agreed to merge their Insurance Broking and Underwriting Agency businesses with effect from 1st July, 1975.

A new holding company ROSS COLLINS SPRINKS HOLDINGS LTD. has been formed. ROSS COLLINS LTD will be the principal subsidiary and an application will shortly be made by that company to the Committee of Lloyd's for Lloyd's broking status.

Subsidiary companies have been formed as follows:—

ROSS COLLINS SPRINKS LTD. — to handle the U.K. Direct Account

ROSS COLLINS SPRINKS LIFE & PENSIONS LTD. — to handle the Life Account

ROSS COLLINS SPRINKS REINSURANCE LTD — to handle the Reinsurance Account.

H. R. Sprinks & Co. Ltd. was founded by H. R. Sprinks in 1953 and as well as operating a traditional Insurance Broking business the company has represented several major European Insurance Companies in London. Ross Collins Ltd. was founded by M. S. and D. A. Ross Collins in 1962 and have traded as Insurance Brokers since that time.

A minority shareholding in Ross Collins Sprinks Holdings Ltd. has been taken by Groupe Sprinks S.A. of 7/9/11, Rue de la Bourse, Paris.

The Directors of the Holding Company are as follows:—

Mr. A. R. Burstall — Chairman
Mr. M. S. Ross Collins } Joint Managing Directors
Mr. R. F. Moss }
Mr. J. P. O'Brien
Mr. J. Bennett
Mr. S. Paquin

The Directors are confident that by pooling the resources of Ross Collins Ltd. and H. R. Sprinks & Co. Ltd. they will be well placed to provide their clients with the technical expertise required whilst still retaining a personalised service.

NOTICE OF ISSUE *ABRIDGED PARTICULARS*

Application has been made to the Council of The Stock Exchange for the undermentioned Stock to be admitted to the Official List.

THE CAMBRIDGE WATER COMPANY

Offer for sale by Tender of

£1,000,000 9% Redeemable Preference Stock, 1980

(Stock will mature for redemption at par on 30th June, 1980)

Minimum price of issue £99 per £100 of Stock.

THIS STOCK IS A TRUSTEE INVESTMENT

A deposit of £10 per £100 nominal amount of Stock applied for must accompany each tender, which must be received at the Company's Office, 41 Rustat Road, Cambridge CB1 3QS, not later than 1 p.m. on Tuesday, 8th July, 1975, and the balance of the purchase money will be payable on or before Thursday, 28th August, 1975.

Copies of the prospectus, on the terms of which alone tenders will be considered, and forms of tender, may be obtained from:

The Offices of the Company, 41 Rustat Road, Cambridge CB1 3QS

Barclays Bank Limited, P.O. Box 2, 15 Bene't Street, Cambridge CB2 3PZ.

Barclays Bank (London & International) Limited, New Issues Department, P.O. Box 123, 2 London Wall Buildings, London Wall, London EC2P 2BU.

McAnally, Montgomery & Company, 18 Finsbury Circus, London EC2M 7BH.

FINANCIAL TIMES REPORT

Tuesday, July 1 1975

OFF-ROAD VEHICLES

The manufacturers of off-road vehicles—a term that includes a wide variety of plant from cranes to fork-lift trucks and earth movers—has been no less affected than other sectors of industry by the economic recession. But the industry's diversity is likely to remain a long term asset.

Bright spots in the downturn

CAPITAL GOODS such as off-road vehicles and equipment could hardly expect to escape the downturn in the national economy. But the picture is not one of unrelieved gloom. The drive to realise Britain's North Sea oil reserves provides one bright spot, with the demand not only to equip the shore-based facilities but also for cranes and lifting equipment aboard the rigs themselves.

Moreover, the industry is so diverse and covers so many sectors of the national economy that there are bound to be exceptions to the general trends. The very definition of what is an off-road vehicle tends to be loose, with the result that reliable statistics are difficult to come by.

The Contractor's Plant Association, for example, represents well over 1,400 companies and claims to purchase around 70 per cent. of all new construction equipment sold each year in the U.K. The Association puts the equipment supply industry turnover at nearly £400m. a year and estimates the total workforce at around 40,000.

Through its membership the Association says anything from a small electric hand drill to a 300 ton crane can be hired. Within that range the types of off-road vehicle which are available and the uses to which they can be put are legion.

Construction and civil engineering provides the principal market but industry, the docks and the extractive industries—particularly open cast mining—are also valuable outlets.

The body which speaks for the suppliers, the Federation of Manufacturers of Construction Equipment and Cranes, says that the response to the weak home demand is to turn to overseas markets. Last year between 50 and 55 per cent. of total output went to exports, but the proportion should be higher by the end of 1975, the federation maintains. This, despite the fact that markets throughout the world, have tended to turn soft in the wake of the downturn in economic activity on an international scale.

Imports

Pressure was so great during the last upturn in the market that home suppliers ran into production problems and found themselves under increasing competition from imports. Component shortages, particularly of diesel engines, have now been largely overcome, and the industry feels well placed not only to counter import penetration but to launch new efforts into export markets.

Mr. John Annetts, director general of the federation, takes up the point about the need for stable Government policy. "One of the principal requirements of the engineering industry, and ourselves in particular, is a steady environment within which decisions can be planned. Instead, every time there is a change of Government we get new policies and the economy shifts in a different direction."

It is inevitable that off-road vehicles and equipment as part of the capital goods sector should fall victim of the investment cycle. In a situation where business confidence is at a low ebb and inflation is running at an unprecedented level, decisions about new plant and equipment will be, at the very least, postponed.

In general the demand for heavy equipment, such as earth moving machinery, has tended to hold up better. The recession has been felt most keenly in the construction and civil engineering industry which, as the major user of off-road vehicles, takes everything from fork lift trucks through to mobile tower cranes.

The turnround from the property boom of two years ago, when private house-building and construction of speculative offices and industrial premises stretched the industry beyond capacity, has been dramatic. In the wake of successive cutbacks in public spending and every indication that more are to follow, construction and civil engineering companies are confronted with their deepest recession since the war.

Off-road vehicles are also important in the industries which supply the raw materials for the construction sector. The downturn in activity by the quarries providing the aggregates for highway construction and for concrete means a cutback in the requirement for new machinery and equipment.

Though forecasts from the Confederation of British Industry and Department of Industry assessments have for some time been drawing attention to the lack of industrial investment, the market for industrial trucks for some time proved quite resilient.

This is a highly competitive sector where U.S. and West German companies have been showing particular interest. Among reasons put forward for the continued demand was that companies were conscious that prices would be much higher if they delayed purchase, and that the economies yielded by industrial trucks were easily demonstrated.

Mr. K. Barlow, secretary of the British Industrial Truck Association, says that the situation remained buoyant until the end of last year but trade is now on the downturn. Some estimates put the fall in demand at around 50 per cent., but this has not yet involved any major closures or redundancies.

Of the 30,000 industrial trucks produced in the U.K. last year, 50 per cent. were for export, Mr. Barlow points out. And he is optimistic that overseas sales will provide part of the answer to the problems of the home manufacturers.

Industrial trucks are just one type of off-road vehicle which has been found useful for dock-side work. The containerisation of trade, which has moved apace in the past decade, has brought new demands for specialised types of lifting and handling equipment.

Demand

Though the major investment to modernise cargo handling in U.K. ports has already been undertaken, the process of refining cargo handling still leaves plenty of scope for off-road vehicles. The continued advance of containerisation, particularly the U.K.-South African trade and the development of roll-on, roll-off services, will ensure a healthy future demand.

However, to take the example of one specialist sector — the marine cranes serving shipbuilding and shipyards — the market at present is very weak.

Indeed for cranes as a whole, the immediate outlook is not bright, with demand reflecting quite closely the current lack of investment confidence. Against this, the trade created by North Sea oil exploration and development does offer some potential, though the competition from abroad — and particularly the U.S. — is quite severe.

The oil crisis and the urgency it has placed upon Britain to realise its energy reserves has brought another bonus for off-road vehicles and equipment. The investment which is taking place to boost output in the coal industry, particularly opencast mining, is bringing additional demand.

The ratio of overburden to coal is usually around 20 to 1, which places a great deal of importance upon the efficiency of the plant used to reveal the coal seam. Draglines, face shovels and rear dump trucks are among the principal off-road vehicles employed, and it is expected that the increased opencast output will be achieved less through raising the size and capacity of the equipment than by simply ordering more units.

Overall then, the outlook for off-road vehicles is rather patchy. Home demand has turned down rather sharply and, though companies are struggling to compensate for this by exporting more, the competition is fierce against a background of world-wide business recession.

Only in the last few days has it been announced that Marshall-Fowler, a long established manufacturer of crawler tractors and one of the few British-owned companies in a field dominated by U.S. producers, is to be closed. The company, a subsidiary of Thos W. Ward, is phasing out two factories from July 25 with the loss of 1,000 jobs.

Though Marshall-Fowler has been in difficulties for a number of years, the move is nevertheless a salutary warning of the problems which must be confronted by capital industries at a time when investment confidence is running at a low ebb and inflation is racing ahead at a record pace.

Arthur Smit

Construction gloom

DIRE WARNINGS about the future of construction and civil engineering in this country are still issuing forth as the industry passes through its most desperate recession since the war.

Despite occasional flickers of hope, there is still no sign of any move to give the sector a much needed boost. Indeed a further cutback in public expenditure is one of the most widely advocated elements of the emergency package which the Government is expected to put forward to deal with the current economic crisis.

Always a cyclical industry, the impact of the current downturn is nevertheless the more severe because of the rampant property boom which preceded it. Equally, victims of the sudden swings in demand are the engineering companies which supply the off-road vehicles and equipment. The Federation of Manufacturers of Construction Equipment and Cranes has stressed the need for the Government to strive for stability in its capital programmes.

Such ideas have a long pedigree and no doubt enjoy widespread sympathy within Whitehall but as Britain lurches from economic crisis to economic crisis the situation is usually always regarded as too grave to be able to adhere to longer term objectives.

A report from the National Economic Development Office last year argued that public capital expenditure programmes should in future be assessed in terms of their physical requirements as well as in terms of monetary value. The Government ought to take selective action to delay or bring forward public-sector orders when parts of the industries were becoming significantly overheated or underutilised, the report maintained.

Though world markets are also more competitive because of the slowdown in the international economy, the response of many U.K. off-road vehicle suppliers has been to turn increasingly to exports.

Companies already enjoy excellent export records and the decision to boost efforts further is merely an acknowledgement of the fact that market potential in the U.K. is likely to be constrained by the poor rate of economic growth.

The JCB company, of Rocester, whose yellow excavators are familiar on building sites, says that home demand had dropped probably 50 per cent. since the boom period of late 1973. Around 50 per cent. of output is currently exported and, though overseas demand has also slipped, there is every intention of improving upon past performance.

Overseas

Mr. Peter Livesey, managing director of JCB Sales, says: "The economic and trade developments in the past year have made it vital for JCB to put more effort into overseas markets. This is something JCB has been doing successfully every year for the past 15 years but the percentage of overseas business must move to 70 per cent.

"Future company growth is dependent on the ability to increase penetration in developing markets, such as the Middle East, South America, and North Africa." A recent sales tour of the Middle East realised orders for £450,000 of equipment and a regional office has now been set up in Beirut to generate more business.

The oil-rich states are an obvious target for the export efforts of British manufacturers and they stand to benefit from the contracts which U.K. construction and civil engineeri companies have won in that pa of the world.

Off-road vehicle suppli usually have to establish li in the Middle East as the c tractors generally prefer purchase equipment near s Needless to say, the deali which British companies h had with each other in the p are often good enough to ens that they continue to do b ness with each other overs

The range and sophisticat of off-road vehicles and equ ment on offer has increa significantly over the decade, largely under the p sure of rising labour costs in the boom periods, sh ages of skilled workmen.

However, as machinery refined and turned to ever m specialist tasks the risk of time mounts. It is here plant hire companies come their own. Indeed the Con tors' Plant Hire Associ says its more than member companies can anything from a small ele hand drill to a 300 ton cran

The Association claims industry in general has fited from plant-hire "which have influenced design to a considerable de encouraging manufacture give proper attention to ea maintenance, safety factor reliability of performance."

Hire firms have been chasing around 70 per ce all new construction equi sold each year in the U.K Association says, and est the turnover of the indus nearly £400m.

In order to expand oper a number of plant-hire panies are looking outsi U.K., and particularly t European Economic munity now that Britai endorsed continued m ship.

CONTINUED ON NEXT PAGE

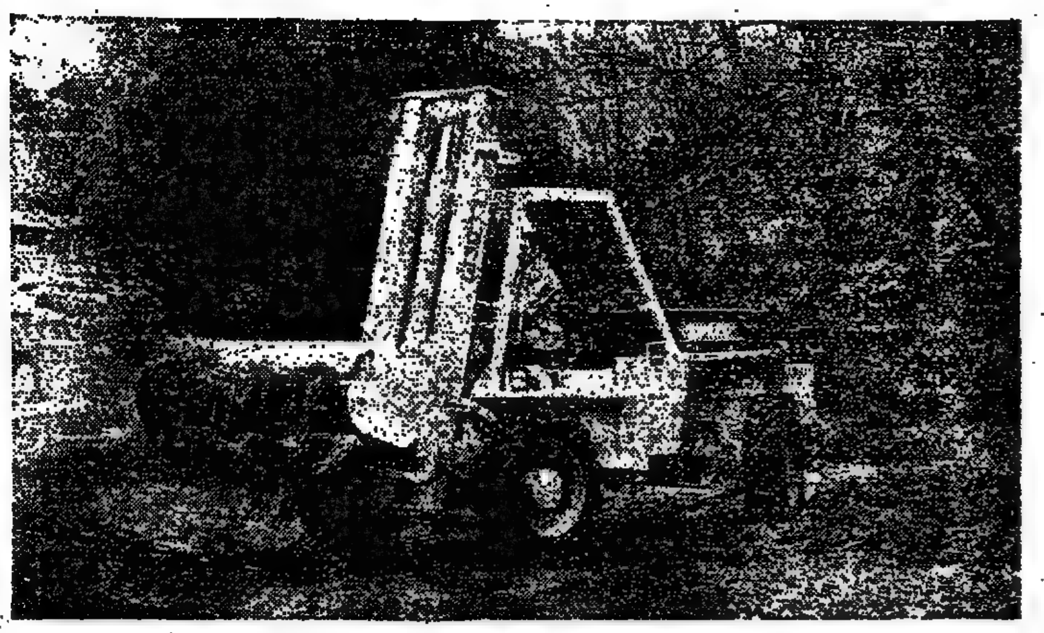
OFF-ROAD VEHICLES II

Room for innovation

RISING LABOUR costs, high interest charges and new attitudes to energy conservation are guaranteed to concentrate the minds of materials handling and construction equipment designers on ways of speeding up operations, producing savings in manpower and making vehicles and equipment as thrifty as possible in terms of fuel use.

In view of this it is perhaps unfortunate that the production of new designs or the launch of a new piece of equipment are not steps that a manufacturer is keen to take during a time of economic difficulty. During recession and, in some areas, decline, machinery manufacturers concern themselves with selling existing lines, keeping production rates up and maintaining the labour force on full-time working.

So during the period when the designer's newest efforts would bring the most benefit, the fruits of his labour tend to be held back for better days, even though the pressure for manpower, money and fuel saving will not then be so great.



Heavy duty Anser truck of 5,000 lb capacity.

Hesitating

This generalisation does not mean that designers in the field of off-road vehicles and equipment have not been producing much of late, but certainly the makers are hesitating to place innovative new plant on to a cautious market.

The industry involved in producing equipment and devising systems for the handling of materials, whether in a factory, warehouse, port or construction site, has always been primarily concerned with saving time and labour, if not quite so much with saving fuel until recently. The point at which a material has to be handled, whether it be a part on a factory floor moving from warehouse to production area, or a brick on a building site moving from a truck to a wall, is the place in the operation notorious for running away with time, money and manpower. Materials handling is really about handling materials as little as possible. Everything the equipment manufacturer does should be aimed at that, whether it be in the area of speed, mobility, space-saving, ease of operation or maintenance.

In this industry it has been said that there is less technical development for the sake of technical development than in almost any other, and while the customers may be slow to accept new technology in principle, if it can be shown to save them something, they will soon respond.

Taking the example of the industrial truck, the two most impressive technical developments of late have been in the areas of electronic control and hydrostatic transmission. Without entering into the argument about the relative merits of electric and IC trucks, it is interesting to note in passing that the electric truck appears to be winning back its large share of the British market, reportedly taking 65 per cent of it last year.

Thyristor electronic controls have now become virtually standard on electric trucks while a range of transmission systems is to be found in the IC market. Part of the problem in IC trucks has been that of getting over the "acceptance barrier" and persuading people that it is not necessarily easier to drive a truck that has controls like those of a car. Torque converters, standard gearbox and clutch arrangements, and oil-cooled clutches are in use. However, for a long time now some sections of the industry have been talking enthusiastically about hydrostatic transmission systems.

These can be likened to the electronic controls on electric trucks in that they give more precise control than clutches and allow the driver to concentrate more of his attention on the materials handling part of his function. Hydrostatic systems also tend to wear less than gearbox systems.

However, hydrostatic drive has not made inroads into the market as rapidly as some had predicted, and the British user has been notably reluctant about it. Now the concept is finding more favour and, if the costs can be brought down further, seems likely to move closer to the dominant position forecast by its advocates. The new acceptance has not come about because of the reliability factor that has always been pushed, but rather because of its compactness. It is possible to make a smaller truck to fit into a smaller space and still do the same job, and that has given a new spurt to hydrostatics.

Compact

This reflects a general move towards more compact, and particularly shorter, trucks in the factory and warehouse environments. Counter-balance trucks have been becoming smaller, and the speed, strength and price advantages have led to penetration of what had become reach truck preserves.

The same motive of saving speed, space, time and manpower is behind all the moves towards more overall control of trucks. This naturally leads to the subject of automation in warehouses, and such ideas as computer-run trucks running on a kind of hidden rail network so that work schedules and actual operations can be programmed and meticulously controlled. This quickly moves away from the vehicle concept altogether, the truck becoming part of a much larger "machine."

Under the enclosed conditions of confined industries there has been the greatest technical development in off-road vehicles and equipment, but it is in some of the less confined activities, such as the construction business, demolition, even forestry and agriculture, where the potential savings in handling materials efficiently are enormous and in many cases hardly examined.

The outstanding example in the construction business is the handling of bricks. In theory, the brick represents a handling nightmare: From central production facilities it has to be transported to a huge variety of locations where there are no smooth floors for vehicles and where it has to climb to sometimes great heights to be placed in position, one at a time, by one man. The London Brick Company, in designing their Selfstak system, adopted the philosophy that their customers were buying walls rather than bricks. This approach immediately identifies the conversion process from works to walls as the high cost area. But it was an area over which the company had no control.

Selfstak emerged as an integrated system, with bricks being handled in the same way at the brickworks, on trains, in depots, and on sites. The concept was developed from the company's internal handling system. Basically, the stacking system allows for a stack of bricks to be handled without the use of a pallet or any kind of packaging. The bricks are stacked in such a way as to leave holes for fork truck forks, which are fitted with specially designed inflatable grippers that grip the bricks horizontally. This allows the whole stack to be lifted. From the Fletliner depot at the Bedford works, 1.6m. bricks a week are transported by rail to depots at Liverpool, Manchester and London, and throughout the handling operations involved the system is the same.

Overhead

The lorries that take the bricks to the sites themselves also have a mounted overhead gantry system, again with the inflatable attachment, and the bricks can be off-loaded on to pallets in stack form or the site can be equipped with a whole range of Selfstak handling equipment that takes the handling process right through to the wall through the use of a special barrow, or a special crane cage developed and sold by London Brick for the purpose. The stacks themselves are designed to be easily broken down further into "slices" for on-site ease of movement.

The importance of the Selfstak system is that it moves the concept of materials handling into the much wider sphere of the construction business where, short of industrialised building systems, there is huge waste of effort and resources implicit in the necessity to bring every small item to the site. If one imagines the problems inherent in bringing car parts to a man's garage and building the car on the spot, this indicates the difficulties when scaled up to a large building project.

It seems likely that quite apart from the tremendous development of specialist vehicles—and particularly the single vehicle with many attachments—there must in the future be more materials handling equipment in evidence in places that have so far not really seen it. This kind of technological innovation, potentially such a saver of resources, is not being stimulated in the present climate, however.

Hugh Colver

Loading and lifting equipment

THE AVERAGE U.K. construction site is surprisingy empty of vehicles. While other industries have adopted industrial trucks of all kinds, and materials handling devices of great variety, many of the comparatively efficient building sites can still be seen relying on ladders and scaffolding to provide the handling framework, and men to provide the handling muscle. The average Continental building site, and notably the French, appears to be much more machine intensive. British equipment makers are now attempting to put this right.

The problems involved in providing loading and lifting equipment in this industry are much greater than those found within most industrial sites. The builder can only justify the purchase—and even very often the hire—of a handling device if he is going to get close to round the clock use out of it. So a builder cannot buy a truck that will lift, say, bricks from a central dump to different parts of the site. It may not be worth having a truck just able to move a pallet load of bricks. And in order to supplement it he might need a crane as well, and some means of reaching over scaffolding or through windows.

In other words, if the builder embarks on a machine buying programme aimed at speeding his operations and cutting down manpower, he soon finds he needs a fleet of machines, many of which will stand idle for much of the time. Also, how suitable will the general materials handling machine be when applied to the rough terrain of the construction site, with its small wheels, single axle drive, and a dislike of gradients and pitching and rolling when loaded?

Flexibility

All this has led to a new breed of vehicles and equipment that goes a long way towards meeting the needs of the builder in terms of flexibility and ruggedness. Fork lift trucks are certainly being seen on more and more building sites, but they are tending to be a further and further cry from the industrial truck. There is a clear trend towards the heavy weight hybrid, a four-wheel drive rough terrain worker that achieves a multi-purpose ability through the use of easily mountable and dismountable attachments.

The Sambron JAC 24, for instance, looks a fairly far cry from the conventional fork truck. This vehicle, with hydrostatic drive on four wheels giving a rough terrain ability, good stability characteristics, an enclosed offset cab, and a capacity for lifting two tons to 12 feet, bases its flexibility on a fixed length boom that features a quick change device. The operator can change attachments quickly and without leaving his cab, and attachments available include those enabling the vehicle to carry bricks on a pallet, act as a mobile crane or carry a skip to move earth or other material.

A variation on a similar theme is Liner Concrete Machinery's Giraffe which has a three-part telescopic boom with a fork carriage on the end. With 6 in. side shift and 24 deg. rotation, this vehicle can position a load over scaffolding, through windows and doorways, and even to lower floors. Up to two tons can be lifted to 14 ft. with a 5 ft. forward reach, or a 1 ton load can be lifted to 23 ft. with an 8 ft. forward reach. Again, the vehicle has four-wheel drive.

Other equipment that has been developed to give this degree of rugged flexibility—on the building site and elsewhere—is sometimes vehicle-adaptable as well. The Steiner HSM 800 muilti-purpose machine, for instance, can be fitted to any chassis provided it is strong enough for the job being tackled. With hydrostatic drive and remote control steering, this device when fitted to a vehicle can be used to excavate up to a depth of seven feet, augur, load and unload as a crane, act as a grab, lay pipes and kerbs, and provide a lift of up to 30 feet for a cage. All these functions involve special attachments fitted to the basic equipment.

In other areas, a single vehicle has been developed for a special operation involving a number of actions. Eaton's Timberjack tree harvester, for instance, de-limbs and tops a tree of up to 12 inches in diameter in less than half a minute, and the company makes a complementary skidder that moves the log loads to roadside pick-up points.

For many of these vehicles, particularly those used in the construction business, even though they achieve the desired flexibility, or at least go a long way towards it, they will still find themselves heavily used on a plant hire basis. In cranes, this is one of the main factors in the development and popularity of the mobile crane with hydraulic telescopic jib. Apart from the trend to larger size, heavier load capacities and greater flexibility in derricking and slewing, one of the key factors in the mobile crane is the virtual elimination of erection time.

The old style lattice boom crane that had to be built up on site before doing its job took far too much time, and therefore cost too much money, to erect. A hire crane that can now drive up to a task, put down stability feet, and do the lifting job immediately allows a plant hirer to cover several lifting jobs in one day, and that can be good business.

In winches and hoists, through companies like Demag, the main development has been compactness. The basic rope drum on the latest models has an access cover on one end revealing the electrical control system, and the gear drive at the other end. Demag now produce hoists with a capacity up to 63 tons. One of the interesting applications is in the motor industry where a series of small hoists will be found on a production line used in association with a lightweight monorail. The system is fairly mobile, and can be adapted easily when tooling up for a new model.

Growing

In container handling vehicles and equipment competition is growing. Theoretically this is a task ideally suited to the overhead gantry crane, a device that allows for close control of a busy operation—even automation. The handlers tend frequently to favour mobile vehicles, however, and the latest generation of straddle carriers for marshalling containers are a good deal more reliable than their predecessors. Front loading fork trucks are used in this application, too, though they tend to be as ungainly as they look and are great space users.

For lifting and loading operations most technical progress is being made in the construction field through the hybrid vehicles, but the need for speed and versatility can be seen in every sector where off the road vehicles and equipment are in use. As ever, the choice of the right equipment for the job is the key to efficiency.

Hugh Colver

CONTINUED FROM PREVIOUS PAGE

Construction

One of the major problems confronting suppliers of off-road vehicles is that they are being caught in a pincer movement between a fall in demand on the one side and rising costs on the other.

Inevitably owners of machinery will delay replacement at east until maintenance costs begin to offset the benefit of using old machinery. Moreover, the likely continuation of the prolonged recession being suffered by the construction industry poses the risk that equipment will simply be phased out.

A survey conducted recently by the Plant Hire Association showed that the cost of operating machinery—ignoring indirect overheads, such as rent and rates, and excluding profit—had risen in general over the past 12 months by around 25 per cent.

Against such a gloomy background companies supplying off-road vehicles and equipment are having to work hard to become exceptions to the general trends. But there can be no doubt that many firms are turning to export markets as the way to realise their ambitions for growth.

Arthur Smith

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Upward trend resumed: up 3 at 1pm

BY OUR WALL STREET CORRESPONDENT

NEW YORK, June 30.

THE UPWARD MOVEMENT resumed on Wall Street to-day, *principally reacting to recent predictions from Government and private economists of an economic improvement sometime in the second half of 1975.*

At 1 p.m. the Dow Jones Industrial Average gained 3.05 to 876.17 and the NYSE All Common Index put on 11 cents to $50.73, while advances outnumbered declines by better than a six-to-four margin. But the trading volume further decreased 1.04m. shares to 10.5m., compared with 1 p.m. last Friday.

Closing prices and market *reports* were *not available* for this edition.

Among strong features were United Technologies up $2¾ to $57⅞, Digital Equipment $3⅞ to $120½, Procter and Gamble $1½ to $98½, and General Motors $1¼ to $48⅞.

Burroughs rose $1⅞ to $106¾ on the development of a new communications system.

Motors added fractions. Steels were steady, while Chemicals were mixed.

Among Oils, Atlantic Richfield added $1¼ at $103⅞. Occidental Petroleum moved up $⅜ to $19—some industry analysts said its earnings will rise some 75 per cent. in the 1975-77 period.

Browning-Ferris, a volume leader, rose $⅜ to $7⅞ on 122,200 shares, despite a "flat" earnings projection fro mits waste systems operations.

Todd Shipyards advanced $1¼ to $7 following its prediction of *higher earnings* for the first quarter, ending to-day.

General Mills shed $¾ to $50 on per share earnings for hte fiscal year.

Blue Bell put on $1 to $32 on Press optimism on the outlook *for its product.*

Michigan Seamless Tube added $2 at $26¾ on a Press forecast of higher earnings.

Gold Minings declined from best levels and were mixed, apparently the result of some *disappointment over the aerly* gold bids for 500,000 ounces of U.S.-held Treasury gold.

The American S.E. Market Value Index was unchanged at 83.00, while the turnover approximated 1.34m. shares, compared with *1.5m.* at 1 p.m. last Friday.

Bell Canada Preferred B shares *lost $⅛ to $44½* while Nowsco Well Service added $⅛ to $22. Autolec Inc., which is being bought by Acklands' Ltd., resumed trading and lost $½ to $6¾.

PARIS—The market was lower *on balance in very quiet trading* under the influence of the higher day-to-day call money rate and the technical fall of Wall Street, as well as being reserved ahead of President Giscard d'Estaing's *monthly broadcast.*

Foods, Portfolios, Chemicals and Textiles were generally lower. Stores, Constructions, Rubber and Banks were irregular. Engineering shares were firm.

***AMSTERDAM**—The market was* easier. Dutch internationals were all weaker, led by Hoogovens and Unilever.

Shippings, Insurances and Investment Funds were narrowly mixed. Banks and Plantations were generally lower.

Losses predominated in Dutch locals., led by Calve, Ahold, Heineken and Boer. OCE, IHC and Bijenkorf were among gainers.

Dutch state loans were higher where changed.

BRUSSELS—Generally lower in very quiet trading.

Gainers included Intercom, Vieille Montagne and Union Miniere. But Electrobel, Sofina, Ebes, Hoboken, GB, FN, and Wagons-Lits all fell.

Among Foreign issues, Germans firmed, U.S. and Dutch issues were little changed, British shares mixed, while French stocks were lower. Golds firmed.

***SWITZERLAND**—Markets were* mixed in moderately active turnover with small gains in most sectors.

Swissair Bearer firmed markedly. Banks ruled narrowly mixed.

Oerlikon-Buehrle Rights opened for the first time, quoted at 100 francs, and closed easier at 85 francs.

In an irregular Industrial sector, Ciba-Geigy Bearer recovered distinctly after recent weakness. The company denied rumours of dismissals or short-time working.

COPENHAGEN—Mixed in fair dealings.

OSLO—Bankings and Insurances were quiet, Industrials were well maintained, while Shippings were slightly irregular.

GERMANY—Price rises predominated in dull and random trading. Motors rose up to DM2.50, while in more active stores Karstadt rose DM½ and Kaufhof DM3. Steels were generally firmer although Thyssen fell DM1.30. Leading banks, chemicals and electricals were little changed although Basf firmed DM2.30.

In very quiet bond market trading, public issues made random losses up to DM0.20. Foreign loans were generally unchanged.

MILAN — Irregularly higher, *partly on buying by Mutual Funds* after an uncertain opening.

Most leading Industrials recovered some lost ground.

Banks halted their recent downtrend.

Bonds were higher in steady trading.

VIENNA—Firmed in thin trading, with Banks, Insurances and leading Industrials showing minor gains.

HONG KONG—Market drifted lower in very quiet trading on lack of incentive ahead of to-day's Public Holiday.

TOKYO — Generally higher, partly reflecting expectations of renwed Foreign portfolio investment in Japanese shares and also *Wall Street's recent upward trend.* Volume 170m. shares.

Pharmaceuticals moved up, as did Constructions.

JOHANNESBURG—Gold shares were basically steady in overall quiet trading.

Financial Minings were higher in some cases in quiet trade. Platinum shares gained marginally, while Coppers were about unchanged. The industrial market was steady.

***AUSTRALIA**—Prices firmed* as the 1974-75 financial year drew to a close. The Liberal Party victory in the Bass By-Election and expectations that the economy is turning the corner, aided market sentiment.

Leading Industrials and Minings were higher in subdued trading.

In Uraniums, Peko-Wallsend were lifted 25 cents to $A3 on active buying support. Cons. Rutile jumped 30 cents to $A2.

OTHER MARKETS

Canada mixed

Stocks turned mixed in light midday trading. The Industrial Share Index was off 0.10 at 189.42, Western Oils off 0.60 at 206.98. Golds were up 1.19 at 433.13, Base Metals 0.34 at 75.44.

Advances continued to lead declines with a 158 to 109 margin.

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Transport	Indus.	Util.	Trading volume† 000's
June 27	69.42	171.34	873.12	86.02	18,220
26	69.51	169.90	874.14	86.54	24,560
25	69.57	168.59	872.73	86.69	21,610
24	69.62	168.10	869.06	87.07	26,620
23	69.35	167.81	864.83	86.50	20,730
20	69.26	166.75	855.44	86.24	24,260
19	69.06	166.88	845.35	86.37	21,450
18	68.72	164.58	827.83	85.40	15,690
17	68.95	165.19	828.61	82.82	19,440
16	68.96	167.16	834.5	82.60	16,660
13	68.76	167.63	824.47	81.90	16,300
12	68.53	167.69	819.31	81.61	15,970
11	—	169.21	824.55	81.51	18,230
10	68.27	168.88	822.12	81.80	21,130
9	68.04	170.07	850.10	82.21	20,670
6	67.91	170.52	839.64	82.83	22,250
5	67.78	166.72	842.16	82.82	21,610
1975 High	69.82 (4/4)	174.19 (6/5)	874.14 (26/6)	87.07 (24/6)	—
Low	66.16 (3/1)	146.47 (2/1)	632.04 (2/1)	72.02 (2/1)	—
All-time High	—	279.88 (7/2/69)	1051.70 (11/1/73)	165.42 (20/4/66)	—
Low	—	13.23 (8/7/32)	41.22 (8/7/32)	10.58 (28/4/42)	—

† Excluding bonds.

IND. DIVIDEND YIELD p.c.

June 13	June 6	June 14, 1974
4.69	4.69	4.36

N.Y. SE ALL COMMON INDEX

December 31, 1965=50.

1975 High	1975 Low	June 27	June 26	June 25	June 24	June 23
50.62 (26/6)	37.06 (2/1)	50.62	50.62	50.51	50.26	49.94

RISES AND FALLS

Issues traded	Up	Down	Unchanged
1,821	760	624	437

	June 27	June 26	June 25	June 24	June 23
New Highs	146	207	208	295	179
New Lows	nil	1	1	1	1

AMERICAN SE MARKET VALUE INDEX

Starting base 100 Aug. 31, 1973.

1975 High	1975 Low	June 27	June 26	June 25	June 24	June 23
83.00 (27/6)	61.29 (2/1)	83.00	82.70	82.28	81.48	81.44
Volume 000's		6,170	5,650	5,640	5,080	2,440

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
June 27	106.39	94.81
26	106.36	94.31
25	106.09	94.62
24	105.34	94.19
23	104.88	93.62
20	103.70	92.61
1975 High	106.39 (27/6)	94.91 (26/6)
1975 Low	77.71 (8/1)	70.74 (8/1)

* 425 Industrials. † 425 Industrials, 50 Utilities, 25 Rails.

STOCK AND BOND YIELDS

	Jn. 25 1975	Jn. 19 1975	Jn. 26 1974
Ind. Ord. yield pc	3.60	3.74	3.80
Ind. Ord. p/e ratio	11.80	10.98	10.73
Long-term Govt. Bds. per cent.	8.74	8.73	8.60

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Texaco	491,300	26¾	+⅛
Atlas Corp.	316,600	4⅜	—
Varian Assocs.	289,200	15⅛	−⅛
Fed Nat. Mort.	229,900	16⅛	+⅛
Amer. Airlines	192,500	8⅜	+⅛
Okla G.E.	157,800	24⅜	—
Chrysler	137,200	11⅞	+⅛
Telex	122,300	2⅞	+⅛
Kaufman & Broad	121,500	8⅛	+⅛
General Electric	115,000	52⅛	+⅛

TORONTO

INDUSTRIAL INDEX

June 27	June 26	1975 High	1975 Low
189.43	189.19	189.43 (27/6)	159.41 (2/1)

MONTREAL

INDUSTRIAL INDEX

June 27	June 26	1975 High	1975 Low
201.05	200.32	201.05 (27/6)	159.96 (2/1)

COMBINED INDEX

June 27	June 26	1975 High	1975 Low
193.70	193.01	193.70 (27/6)	158.02 (2/1)

JOHANNESBURG

	June 30	June 27	1974-75 High	1974-75 Low
Industrials	227.6	231.3	231.6 (30/6)	153.2 (23/1)
Golds	334.4	334.5	379.1 (2/1)	293.3 (15/4)

1958=100. Source: Rand Daily Mail. * 1974.

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	June 26	June 19	June 12
On Dividends	7.36	7.35	7.11
On Earnings	14.12	14.15	13.67

SYDNEY ALL ORD. INDEX

June 30	June 27	High 1975	Low 1975
370.19	366.66	385.55 (4/6)	289.88 (9/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

June 30	June 23	High 1975	Low 1975
332.31	329.92	332.96 (22/5)	268.24 (10/1)

HONG KONG INDEX ●

June 30	June 27	High 1975	Low 1975
321.20	325.09	341.57 (9/6)	160.48 (9/1)

SINGAPORE INDEX §

June 27	June 26	High 1975	Low 1975
224.86	226.05	258.69 (11/3)	153.26 (6/1)

EUROPE

	June 30	Previous	1975 High	1975 Low
Belg'm (a)	108.57	107.03	111.81 (15/5)	89.01 (2/1)
Denm'k (b)	88.76	88.65	92.30 (13/5)	75.06 (15/1)
France (d)	62.4	63.4	72.6 (25/4)	51.70 (2/1)
Germ'y (e)	663.9	667.1	726.1 (15/4)	575.5 (2/1)
Holland (f)	99.6	100.0	107.8 (6/5)	85.8 (2/1)
Italy (g)	87.56	86.94	108.86 (21/2)	85.96 (8/1)
Spain (h)	—	97.86	110.96 (2/4)	96.64 (19/6)
Sweden (k)	378.22	380.18	380.18 (27/6)	310.66 (9/1)
Switz'rl'd (m)	260.1	258.6	265.1 (6/6)	222.5 (2/1)

Indices and base dates (all base values 100):—(a) Belgian S.E. 31/12/63. (b) Copenhagen S.E. 1/1/73. (d) Paris Bourse 1961. (e) Commerzbank December, 1953. (f) Amsterdam Industrial 1970. (g) Milan 1972. (h) Madrid S.E. 31/12/74. (k) Stockholm Industrial 1.1.58. (m) Swiss Bank Corp. 31/12/58. (u) Unavailable. ● Hang Seng Bank 31/7/64. § Straits Times 1966. (c) Closed. † Adjusted.

Selling of £

Sterling was again under selling pressure in the foreign exchange market yesterday, with some overseas shorter-term investors appearing to withdraw funds. A good business was seen. The pound's trade-weighted average depreciation against ten units since the Washington Currency Agreement of December, 1971, as calculated by the Bank of England, widened on balance to a record 28.9 per cent., an ex*ceptionally wide movement* from Friday's 27.6 per cent., and stood at 28.2 per cent. in early dealings, and at 28.4 per cent at noon. It seemed that the Bank of England made little, if any intervention in support of sterling. In the London domestic market, short-term sterling interest rates showed little change, but the forward discount on sterling in the exchange market widened in the three-month position, against the dollar *to 2.25c., from 2.15c.* In terms of the dollar, the pound continued its abnormally fast rate of fall, losing a further 320 points (some 1.4 per cent.) to $2.1910-2.1930—opening at $2.2155-2.2165, its best of the day, and touching $2.1725-*2.1740 at its lowest in* mid-afternoon.

The U.S. dollar continued its improvement against major currencies as a whole—helped by stronger interest rates and a more favourable view of U.S. economic prospects. Its trade-weighted average fall against 14 units since the Washington Agreements (as calculated on noon rates in New York by Morgan Guaranty) narrowed to 5.88 per cent., from Friday's 6.05 per cent., while sterling's depreciation on a similar basis widened to 35.0 per cent., from 34.02 per cent. Some Continental currencies also im*proved against* other major units as a whole, with the German mark's appreciation on the Morgan Guaranty 14-currnecy post-Washington basis widening to 16.0 per cent., from 15.8 per cent., and the Swiss franc's to 27.24 per cent., from 26.93 per cent. Canadian dollar weakened further, however, losing 4 points to 97.02½ U.S. cents.

EXCHANGE CROSS-RATES

June 30	Frankfurt	New York	Paris	Brussels
Frankf't	—	2.363-366	58.10-40	6.42-44
N. York*	42.33-38	—	24.80-85	2.841-54
Paris	171.38-78	4.055-045	—	11.450-47
Brussels	14.95-16.01	35.24-29	8.71-76	—
London	5.16-17	2.191-193	8.85-87	77.40-60
Am'erdam	105.64-68	2.4587-4412	60.36-41	6.8135
Zurich	106.21-35	2.5010-25	61.83-97	7.0725-08

EURO-CURRENCY INTEREST RATES

GOLD MARKET

	June 30 1975	June 27 1975
Gold Bullion (a fine ounce)		
Close	$165.88-166.80	$164½-165½
Opening	$165½-166½	$164-165
Morning fix'g	$166.00 (£75.174)	$164.25 (£73.500)
Afternoon fix'g	$166.25 (£76.349)	$164.50 (£73.651)
Gold coins (domestically)		
Krugerrand	$188½-190½ (£86¼-87¼)	$191-193 (£85¾-86¾)
New sov'r'gns	$58½-60½ (£26¾-27¾)	$58½-60½ (£26¼-27¼)
Old sov're'gns	$57¾-59¾ (£26½-27½)	$59-61 (£26½-27½)
Gold coins (int'ra'n'ally)		
Krugerrand	$170½-172½ (£78-80)	$169½-171½ (£76-77)
New sov'r'gns	$50½-51½ (£23-23½)	$50½-51½ (£22½-23)
Old Sov're'gns	$50½-51½ (£23-23½)	$50½-51½ (£22½-23)
$ 20 Eagles	$245-250	$245-250
$ 10 Eagles	$120-125	$120-125
$ 5 Eagles	$88-93	$88-93

FOREIGN EXCHANGES

June 30 1975	Bank Rates %	Day's Spread	Close
New York	6	2.1725-2.2165	2.1910-2.1930
Montreal	8¼	2.2390-2.2815	2.2580-2.2600
Amsterdam	6	5.30-5.39	5.34-5.35
†Brussels	6½	76.60-77.70	77.40-77.60
Copenh'gen	8	11.94-12.10	11.99-12.00
Frankfurt	4½	5.11-5.22	5.16-5.17
Lisbon	6½	55.10-54.00	55.45-55.65
Madrid	7	122.00-125.56	122.75-123.00

OTHER MARKETS

FORWARD RATES

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—103⅞% (101%)

NEW YORK

Stock	June 27	June 26
Addressograph	8⅛	8⅛
Corning Glass	51	50¼
CPC Int'nation'l	46¼	45⅝
Crane	46½	46½
Crocker Nat.C.P.	26½	25⅞
Johns Manville	23½	23⅝
Johnson Johnson	96½	98½
Johnson Control	13¼	12⅞
Joy Manufactur'g	31½	32⅝
Rapid Americ	5⅞	6
Raytheon	58¼	57⅝
RCA	20⅛	20⅝
Reading	3	3
Zenith Radio	28⅝	27⅛
Chile 3% 1993	85⅝	†85
Peru 3% 1993	†95	†95
U.S.Treas6¾%1974	†99.30	†99.30

CANADA

GERMANY ♦

June 30	Price Dm.	+ or −	Div. %	Yld. %
A.E.G.	68.8	+0.1	—	—
Allianz Versich	460	+2.5	17	2.0
B.M.W.	221	+2.5	14	3.3
BASF	127.5	+2.5	17	6.8
Bayer	109.9	+0.1	17	6.9
Bayer Hypo	305	+1	18	2.9
Bayer Vereinsbk	327.5	+0.5	18	2.4
Commerzbank	202.1	−0.4	17	4.2
Conti. Gummi	70.9	−0.1	—	—
Daimler	289.9	+1	15	2.6
Degussa	252.5	+2.5	18	3.6
Demag	197	−1	16	3.8
Deutsche Bank	296.5		20	3.4
Dresdner	253.5	−0.5	18	3.6
Dyckerhoff Zem't	160		14	4.3
Gelsenberg	70.5	+0.4	6	5.6

AMSTERDAM

AUSTRALIA

VIENNA

JOHANNESBURG

TOKYO ¶

Source: Nikko Securities Tokyo

PARIS

BRUSSELS

SPAIN ♥

STOCKHOLM

OSLO ♣

MILAN

SWITZERLAND ●

COPENHAGEN

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax.

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FARMING AND RAW MATERIALS

Lome pact trade terms begin

BRUSSELS, June 30.

THE TRADE provisions of the European Community's Lomé Convention with 46 African, Caribbean and Pacific (ACP) countries, granting duty-free access for 99.2 per cent. of all ACP exports to the EEC, take effect to-morrow (July 1).

All industrial products from the ACP States stand to benefit (subject to certain rules of origin) and the majority of agricultural exports. The exceptions are a number of farm products covered by the Common Agricultural Policy.

The European Commission calculates that around 50 per cent. of the ACP's total exports are directed towards the Community compared with 15 per cent., for example towards the U.S. Meanwhile, EEC imports from the ACP states in 1973 amounted to $7.3m. in value out of total Common Market imports worth $103m.

The Commission further reckons that the loss of Custom receipts to the Community budget, as a result of the duty-free access provisions, will amount to between 100m.-120m. units of account (around £50m.-£60m.) a year. This, it says, is more than Denmark's budgetary contribution or the EEC's annual budget for research and investment.

The 0.8 per cent. of ACP exports not granted totally free access includes: maize, millet, sorghum and rice and related processed products, fresh and processed fruit and vegetables, tobacco, certain other processed agricultural products, and beef. However, the Commission is anxious to stress these products will still enjoy certain preferences vis-a-vis exports from other non-EEC countries.

The convention arrangements for beef which include an overall import quota this year of 23,000 tonnes, are subject to last week's revised agreement in the Council of Ministers. Under this the four ACP beef exporting countries — Botswana, Madagascar, Swaziland and Kenya—will now be required to pay only 10 per cent. of the common import levy rather than the full levy allowed for originally. Instead, they will charge an export tax equivalent to the 90 per cent., for refund to their beef producers. This revised arrangement was agreed in response to Botswana's plea that the burden of the levy was driving its vital beef industry to the verge of bankruptcy and will stand until the end of the year.

Wilson backs U.K. farm expansion plan

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

Warwickshire June 30.

U.S. GRAIN markets eased yesterday after U.S. crop forecaster Conrad Leslie's latest estimate's forecast a higher winter wheat crop and a bigger maize acreage planted than earlier U.S. Department of Agriculture figures.

He put the winter wheat crop at 1.623m. bushels compared with 1.618m. forecast by the USDA on June 1.

Maize plantings this year could be 79.8m. acres against 75.2m. in the USDA March intentions report and the final planted acreage of 77.7m. last year.

He also forecast soyabean planted acreage at 55.1m. acres against the March intentions of 56.63m. and last year's final figure of 53.5m. acres.

On maize, Conrad Leslie noted about 10m. acres of the total planted are usually cut for silage. He made no yield or production forecast for either maize or soyabeans. His first maize and soyabean estimate will be issued during the first week in August.

From Moscow, meanwhile harvest reports from the Soviet Union's southernmost grain lands suggest this year's harvest will be of good quality but not a bumper crop. Western agricultural experts told Reuter.

The newspaper Pravda said hot dry weather in the lower Volga region, which together with the southern Urals accounts for about one-fifth of the total Soviet grain output, has brought harvesting forward by two to three weeks.

Further reports from the Northern Caucasus and southern Ukraine, key winter grain areas, also say harvesting is at least two weeks ahead of normal.

"The early start does not spell disaster," one expert said, "but it does seem to suggest that because of the dryness the Soviets are not going to have a bumper crop."

After accelerated growth brought on by a warm spring, grains will probably be not only much dryer than usual but also lighter, the experts said.

The official harvest target has been set at 215.7m. tonnes, 20m. more than last year's final figure, but below the all-time record of 222.5m. tonnes in 1973.

With the onset of harvesting, Press reports from the grain lands praise the successes of some collective farms and condemn hold-ups and the poor maintenance of machinery on others.

The reports offered no indication of the likely final harvest figure, or an overall view of harvest progress.

This year, however, the Soviet authorities have allowed U.S. experts to visit the main winter grain areas to make their own assessment. They are due to return to Moscow on Friday.

Meanwhile travellers returning from the Southern Ukraine said local farmers were speaking of a harvest probably up to last year's level but not as high as the unusual 1973 crop.

Farmers throughout the Southern Soviet Union have pledged to finish harvesting this year in only 10 days, and Pravda said in the Kuban area of the Caucasus 74 per cent. of nearly 2m. hectares sown to grain had been cut by last Saturday.

● The International Wheat Council begins a week long session behind closed doors here this morning. Informed sources said it will conduct an in-depth study of the world wheat outlook for 1975-76 and receive a progress report from its preparatory group.

This group was set up in February to examine various ideas which could possibly provide bases for a new international arrangement to replace the current wheat agreement.
Reuter

Bigger U.S. wheat crop forecast

BY OUR COMMODITIES STAFF

A CLEAR affirmation of the Government's intention to support the expansion of British agriculture came from the Prime Minister when he opened the Royal Show here to-day.

"The argument," he said, "for expanding agricultural output to-day and for help to do it rests on grounds which the most hard-bitten economists would accept. It is a question of assessing the prospective needs of the market and of making the best use of our national resources to supply those needs. It is on that basis of hard commercial facts that it makes sense to expand food production in this country.

"The Government looked at the likely levels of world and community prices for major foodstuffs between now and early 1980s and looked at the risks of possible shortage and sharp price fluctuations. All those factors pointed to a policy of higher food production in the U.K.

"Fred Peart and his officials then sat down with the representatives of the farming industry and worked out the priorities and aims set out in the White Paper 'Food from our own Resources' published two months ago."

The White Paper, he said, would provided the basis of the country's strategy in the development of the EEC Common Agricultural Policy. He paid a special tribute to Mr. Fred Peart, the Minister of Agriculture's, achievement in getting amendments to the Community beef regime which he was sure were appreciated and could be imitated by the other member states.

He hoped that in future prices would be fixed in relation to the needs of modern and efficient farms, a measure which would be bound to benefit efficient British farmers.

The speech was on the whole welcomed by those farmers who listened. The interpretation was that it appeared to be a promise of tangible help for expansion and at the same time a recognition that British farmers needed some help at a difficult time.

Quite the outstanding feature of the show here is the international section with the French taking the limelight with an impressive display of cattle, sheep, horses and French farm products. The lesson is that in a Common Market context the French are determined to make an impact far exceeding that made by British exhibits at foreign shows. The degree of Government help supporting the French stands demonstrates that the advantages of Common Market membership for Britain are at least equalled by the prospect of an outlet for French exports of farm products to this country.

Sterling boosts metals

By John Edwards, Commodities Editor

METAL PRICES advanced again on the London Metal Exchange yesterday mainly influenced by the further decline in the value of sterling. Particularly affected was the copper market, where cash wirebars gained £13.25 to £556.25 a tonne despite another substantial rise in warehouse stocks. In fact the rise in copper stocks of 10,675 tonnes increasing the total to 294,800 tonnes was in line with market predictions and so had little impac in any event.

Tin values were also strongly influenced by the weakness of sterling. Cash tin gained £31.5 to £3,112.5 a tonne, despite a decline in the Malaysian market overnight and a smaller than expected fall in warehouse stocks of 215 tonnes reducing the total holdings to 5,375 tonnes.

A fall of 4,375 tonnes in zinc stocks, cutting the total to 8,550 tonnes, was greater than anticipated, although market sources felt this could be traced back to action by the producers, who supported the cash price again yesterday. Cash zinc, in fact, rose by only £1.5 to £329 a tonne.

Sharp rise in cocoa and sugar prices

By Our Commodities Staff

SHARP RISES in cocoa and sugar prices on the London terminal markets yesterday were attributed chiefly to the continued weakness of sterling. September delivery cocoa climbed to £480 a tonne before closing £25 higher on the day at £477.75, while October sugar finished at £152.25 a ton, up £23.275, after reaching £156 at one stage. The London daily sugar price was earlier fixed £10 higher at £145 a ton.

Significant gains were also seen in rubber prices. On the London physical market the RSS No. 1 spot price closed 1p higher at 32p a kilo. Futures prices also rose.

● Purchases of Ghana mid crop cocoa for the third week of the season (to June 26) are estimated at 625 long tons, the Ghana Cocoa Marketing Board reported in Accra. In the third week of last season purchases were 639 tons.

In Salvador, meanwhile, Comissaria Smith said in its weekly Bahia cocoa report that more rain had fallen in the cocoa zone. Although the long dry spell had left its mark on the crops farmers were now more optimistic on main crop prospects, the report said.

TURKEY

Opium crop revives farmers' dreams

BY OUR ANKARA CORRESPONDENT

"I HAVE GONE without opium seed oil for two years and look at me." said 65-year-old Hasan Dervishan, an opium farmer near the province capital of Afyon. "My feet have grown so weak that I have to carry a cane. My eyesight is failing and my sex life has gone to the dogs."

Dervishan has five children and 22 grandchildren and has been an opium farmer all his life. Like 100,000 other farmers he reluctantly turned to raising wheat, barley or sugarbeet when Turkey, under pressure from the U.S., banned opium farming in 1971. ("Stopped growing opium and started raising hell would be more accurate," an agricultural engineer told me with a smile.

However, the ban stayed in effect for only two years and last year Dervishan was among hundreds of farmers in Western Turkey to danced to pipes and drums to celebrate the return to opium poppy cultivation.

At this time of the year the opium poppy has grown a four or five ft. stalk with wine or white coloured petals. When these drop op a walnut-sized pod is revealed and the crop will be ready for harvesting. Opium, which yields heroin and morphine, is in the kin of this pod.

Opium farming, which is known to have been practised in Asia Minor for 6,000 years, was banned at the insistence of the Nixon administration. The last crop of 165 tons of raw opium, was gathered in 1972. Americans claimed that 80 per cent. of the illegal heroin entering the U.S. each year originated from Turkish poppy farms and put strong pressure on Turkey to stop cultivation. In exchange for this prohibition, former army-supported Prime Minister Nihat Erim received a pledge of aid of about $35m. from the U.S. Of this $15m. would go towards compensating Turkish loss of hard currency from exports and the rest for the development of the poppy region.

Animal feed

The ban was universally unpopular in Turkey for political and economic reasons. Many people interpreted it as buckling under American pressure and did not like it. The dissatisfaction was further aggravated when an adequate compensatory system for farmers could not be established and very little was done to raise farm income through substitute resources.

Farmers were worse off than before. For them, opium was an ideal crop for subsistence, with many uses. They made salad from poppy leaves (no narcotics effects—rather stringy taste), burned the stalks for heat, pressed the seeds for cooking oil and sold opium for cash. The residue was crushed into a fattening animal feed, which, peasants claim, was the ingredient which made the opium country famous for its delicious cream and Turkish delights. Because opium poppies were cultivated on infertile soil, no other crop could make up for their lost income.

It was not surprising therefore that the ban became a hot political issue. O nthe eve of the 1973 general election parties out to win votes in the opium country promised to lift it. Soon after coming to power ex-Premdier Bulent Ecevit, the Social-Democrat, announced the resumption of opium farming. He cited world-wide shortage of opium for medicinal purposes and the plight of Turkish farmers. He also announced a series of measures to curb opium smuggling to appease international concern.

Farming was allowed on a limited scale subject to Government licensing and extensive controls. According to the Soil Products Office (TMO), the Government agency in charge of opium farming, 100,980 farmers at 1,719 villages in seven provinces (out of 67) have planted opium in 200,000 decars this season. About half of this was planted in Afyon (Turkish for opium) the traditional centre for opium farming.

Apart from TMO and police control, the Government changed the traditional opium extraction method which was at the root of the widespread smuggling. Farmers will cut of the poppy pods and sell them to the Government instead of extracting the opium by lancing the pod and "milking" the opium. This year and next, Turkey will sell the pods abroad for chemical extraction in refineries in Europe and the U.S.

Production is expected to be between 8,000 and 10,000 tons of "capsules," according to TMO terminology, yielding between 30 tons to 35 tons of morphine. This is about half the original estimate. Frost and the fact that old seeds were used has destroyed about half of the crop. In certain regions damage was about 90 per cent.

Offers totalling 30,000 tons have been made for Turkish opium capsules from Holland, the U.S. (Merck, Mallingrot and S.P. Penick), Yugoslavia, Poland, France and several other European countries. TMO will start buying on July 1 and plans to pay 15 Turkish lira (just over $1) per kilo o fcapsules. It hopes to export at the same price and break even but will probably be unable to do so. The agency does not have storage depots and will have to sell the crop quickly so that it is not ruined by rain. Buyers are aware of this.

In 1977 TMO hopes to have its own alkaloids plant completed near Afyon. Tenders for a L400m. ($28.5m.) plant which will process 20,000 tons of capsules per annum close in June and the contract is expected to be awarded in October. The plant will turn five tons into finished products for domestic use and 15,000 tons into semi-finished products for export.

No expansion

To maintain a steady flow of 20,000 tons of capsules for the projected plant the Government must expand acreage under opium cultivation. The crop is very sensitive to weather conditions and its production is very erratic. Indeed there are some reports that the new coalition Government under Prime Minister Suleyman Demirel is planning to increase the number of opium growing provinces from seven to nine or ten in the coming season.

However, Mr. Korkut Ozal, the Minister of Agriculture, told the Financial Times that there would be no expansion in the current season.

The Turks are confident that smuggling will be minimal this year and are doing their best to control farmers' plantings within the official limits.

America however, is sceptical. They say farms are too scattered and remote to make any control effective and have adopted a pessimistic wait-and-see attitude. Turkey's decision to resume opium poppy cultivation did nothing to improve Turkish - American relations which deteriorated further this year with the U.S. arms embargo. If there is a lot of smuggling, relations will be further damaged. But this does the pods are ripe to celebrate the return of opium.

COMMODITY MARKET REPORTS AND PRICES

FREIGHTS

OIL TANKERS—Still a stronger market with a little more inquiry. There was a reported fixture of a 280,000-tonner, prompt, by Spanish charterers, from Persian Gulf to West at Worldscale 23½—one point higher than the rate paid last Friday for a VLCC by Socal. Also Conf[illegible] took a 150,000-tonner on July 14 from Persian Gulf to West at W.30. There were two new period inquiries: Marathon seeking 100,000-150,000 tons in July for 6-12 months timecharter, and KNPC open for 60,000-80,000 tons for one year's timecharter, delivery second half July.

DRY CARGO—An improvement developed in volume of chartering for grain on North European account during the week-end but rates showed little change. Cargoes of grain were arranged from the U.S. Gulf to Antwerp/Hamburg range at $4.80 f.i.o. for July and from Great Lakes and St. Lawrence to Hamburg range at $97,500 based on 14,750 long tons for July, also Great Lakes to Antwerp/Rotterdam or Amsterdam at $13 f.i.o. completing St. Lawrence $6 July-Aug. The lower rate of $6.60 f.i.o. was paid for a cargo of grain U.S. Gulf to Japan July. Other grain bookings included U.S. Gulf to Alexandria at $16.15 f.i.o. July and U.S. Gulf to Constanza at $8.25 f.i.o. July-Aug. In the coal section, a cargo was fixed Hampton Roads to Japan at $8 free discharge Aug., while ore shippers covered cargoes Puerto Ordaz to Dunkirk at $4 f.i.o. July, and Monrovia to Dunkirk at $2.30 f.i.o. July. Time-charterers fixed a vessel of 14,937 long d.w.t. for a trip U.S. Gulf to West Africa at $4,300 daily July.

BASE METALS

The movement of sterling was the main influence on prices on the London Metal Exchange. The continued weakness of the pound caused short-covering and stop-loss buying of Copper in early trading and the upward movement was continued by U.S. buying in the afternoon. The fresh rise in the already record warehouse stocks figure had little market impact. Trading was then halted on Comex owing to tape-machine troubles and with no further interest coming from that quarter, coupled with a recovery in sterling, prices here turned easier and forward metal fell from £377 to £368 before ending at £371 on the Kerb. Turnover 13,275 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	546-.5	+15	556-.5	+13½
3 months	567-.5	+16½	574-.5	+13
Settlem'nt	546.5	+15	—	......
Cathodes				
Cash	536-.7	+14½	543-.5	+12.5
3 months	[illegible]	[illegible]	[illegible]	[illegible]
Settlem'nt	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	3115-6	[illegible]	[illegible]	[illegible]
3 months	3108-10	[illegible]	[illegible]	[illegible]
Settlem't	3116	[illegible]		
Standard				
Cash	3115-6	[illegible]	3110-5	[illegible]
3 months	3108-10	[illegible]	3105-7	[illegible]
Settlem't	3116	[illegible]		
Straits E.	[illegible]	[illegible]		
New York	[illegible]			

[illegible]

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	166-7	[illegible]	166-8	[illegible]
3 months	172.5-3	[illegible]	172.5-3.5	[illegible]
Settlem't	167	[illegible]	—	
U.S. Prod.	[illegible]			

[illegible]

£174, three months £175, 73, 72.5, 73. Kerbs: Three months £168.5, 69.

ZINC—Firmer. The larger than expected fall in warehouse stocks had little market impact and cash metal was again supported during the morning. The currency situation took forward metal up to £324 before it ended at £322 on the afternoon Kerb. Turnover 4,350 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	
Cash	329.5-30	+2	328-30	+1.5
3 months	322.5-3	+3.25	321.5-2	+3.5
S'ment	330	+2	—	......
Prm. West	—	......	*38½-9	......

* Cents per pound. † On previous unofficial close. ‡ $[illegible] per picul.

Morning: Cash £330, 30, three months £323, 24, 23. Kerb: Three months £321.5. Afternoon: Cash untraded, three months £323, 22, 21, 21.5. Kerb: Mid-September £323, three months £321, 22.

SILVER

Silver was fixed 6.65p an ounce higher for spot delivery in the London bullion market yesterday, at 208.2p. U.S. cent equivalents of the fixing prices were: 457.1c, up 8.4c; three-month 464.4c, up 4.9c; six-month 472.1c, up 4.6c; and 12-month 493.5c, up 7.3c. Business was moderate. The spot price opened at 206p-207p (455c-458c) and reached 206.5p-207.5p (456c-458c) before the fixing, but reached 210p-211p (459c-461c) at one point in the afternoon, before ending at 208.5p-209.5p (457.5c-460.5c), against the previous 20[illegible]p-206.5p (457.5c-458.5c).

SILVER per troy oz.	Bullion fixing prices	+ or —	L.M.E. close	+ or —
Spot	208.2p	+6.65	209.35p	+3.85
3 months	213.6p	+6.1	214.4p	+3.7
6 months	219.6p	+6.2	—	
7 months	—	......	222.0p	+4.0
12 months	234.6p	+7.8	—	......

[illegible]

COCOA

[illegible]

COCOA	Yesterday's Close	+ or —	Business Done
[illegible]	[illegible]	[illegible]	[illegible]

COFFEE

[illegible]

COFFEE	Yesterday's Close	+ or —	Business Done
[illegible]	[illegible]	[illegible]	[illegible]

ARABICA CONTRACT—(In order buyer, seller, business, sales)—June deleted. [illegible]. August 64.90-65.00, 65.00, 1. Oct. 64.10-64.60; 64.70-64.50; 3. Dec. 64.60-65.00; 65.20; 3. Feb. 64.70-65.20; nil; nil. April 64.70-66.00; nil; nil. June 64.90-66.00; nil; nil. Total sales, 8 lots.

RUBBER

STEADIER opening on the London physical market. [illegible]

No. 1 R.S.S.	Yesterday's close	Previous close	Business Done
[illegible]	[illegible]	[illegible]	[illegible]

Sales: [illegible]

SOYABEAN MEAL

	Yesterday's Close	+ or —	Business Done
[illegible]	[illegible]	[illegible]	[illegible]

Sales: [illegible]

SUGAR

LONDON DAILY PRICE—Higher at £145 (£135) a ton c.i.f. for June-July shipment. [illegible]

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

WOOL FUTURES

[illegible]

	Yesterday's Close	+ or —	Business Done
[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

one: new Dec. [illegible]. Sales: [illegible].

LONDON—Market showed little change in quiet trading season, reports Bache.

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scotch killed sides 33.0 to 37.0. English hindquarters—heavy 42.0 to 45.0, Ulster [illegible]

[illegible]

GRAINS

THE BALTIC—[illegible]

£38.50, Nov. £38.85-£39.50, Jan. £60.00-£60.30, March £62.70-£62.60, May £64.30-£64.15.

HGCA Regional and U.K. average ex-farm spot prices for week ending June 26, 1975: Soft milling wheat— S. East £33.40, Eastern £33.40, E. Midlands £33.70, N. East £32.80, U.K. £33.60. Feeding barley: S. East £31.50, S. West £30.70, Eastern £31.20, E. Midlands £31.50, W. Midlands £31.20, N. East £30.25, N. West £31.15.

PRICE CHANGES

Prices per ton unless otherwise stated.

	June 30 1975	+ or —	Month ago
[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

FINANCIAL TIMES				
June 27	June 26	Month ago	Year ago
157.54	157.98	152.83	206.78

(Base: July 1, 1952=100)

REUTER'S			
June 30	June 27	Month ago	Year ago
1069.1	1055.9	1067.0	1234.6

(Base: Sept. 18, 1931=100)

DOW JONES					
Dow Jones	June 27	June 26	Month ago	Year ago
Spot	[illegible]	[illegible]	[illegible]	351.51
Futures	[illegible]	[illegible]	[illegible]	412.85

(Average 1924-25-26=100)

MOODY'S				
Moody's	June 27	June 26	Month ago	Year ago
Spot Commty	785.8	739.2	715.7	822.5

(Dec. 31, 1931=100)

HGCA—Location ex-farm spot prices—Soft milling wheat: Ipswich £32.75. Feeding barley: Darlington £30.05, Ipswich £30.70.

MARK LANE—The forward milling wheat market attracted a fair speculative demand at steady to firmer rates while other sections remained generally quiet. Hagberg 180 milling wheat traded to the London area at £64 for Sept.-Dec., at £65 for Oct.-Dec. and up to £66.50 per long ton for Oct.-March spreads. The following are average sellers' quotations per long ton for delivery London area: Wheat Hagberg July £57.50, Sept.-Dec. £61, denaturable July £56.50: Barley unquoted.

COTTON

LIVERPOOL COTTON—Spot and shipment sales amounted to 140 tonnes, F. W. Tattersall reports. Little fresh interest was shown in African qualities but renewed attention was centred on Middle Eastern growths. Both North and South American cottons made modest progress.

JUTE

LONDON—Quiet. Bangladesh White C grade June-July £200, D grade June-July £193. A long ton.

CALCUTTA—Closed. Half Year Holiday.

DUNDEE—Quiet. Prices c and f U.K. for July-August shipment. BWB £201, BWC £194, BWD £187. Tossa BTB £201, BTC £196, BTD £189. Calcutta goods market closed. Yarn and cloth very quiet.

★

COPRA—Philippines: July and Aug. $240 re-sellers per tonne c.i.f. North European ports.

★

GRIMSBY FISH—Supply good, demand fair. Prices per stone at ship's side, unprocessed: Shelf cod £1.60-£1.90, Codlings £1.05-£1.60; Large haddocks £2, medium £1.60-£1.80, small £1.20-£1.50. Large plaice £3, medium £2.20-£2.60, small £1.50; Skinned dogfish £4.50, medium £3.50; Coalfish 40p-90p, Catfish 80p-£1.00; Lemon soles £3.50, Reds 80p-£1.

★

U.K. PRICES OF PLATINUM METALS RAISED

A rise in the U.K. prices of platinum group metals was announced by Johnson Matthey, selling agents for Rustenburg Platinum Mines of South Africa. Effective from to-day the minimum sterling prices for platinum is raised by £3 to £72 per troy ounce. There are also sterling price increases for palladium up to £37.25 (£35.50), Iridium £232.50 (£222.50), and rhodium £163 (£155.50). The "world" dollar prices remain unchanged.

Heatwave aid to British wine growers

By Our Chesterfield Correspondent

THE HEATWAVE should ensure the first vintage crops from what are claimed to be the world's two most northerly vineyards.

Vine growers at Renishaw Hall in Derbyshire and at Lincoln yesterday reported that the extra sunshine had greatly improved their chances of producing top class grapes.

At Renishaw, a spokesman said: "Vines come from much hotter areas than this so the hot weather is a very welcome bonus. A little rain would be nice but that would be expecting the best of both worlds."

At Lincoln, where the city council is producing grapes to make wines for its civic functions, a spokesman said: "The weather has greatly improved the chances of getting enough grapes to produce a vintage crop. The soil is still very moist deep down and we can go for quite a long time yet without rain."

STOCK EXCHANGE REPORT

Widespread depression again on continuing fall in £

But late rally leaves share index only 3.8 off at 291.8

ACCOUNT DEALING DATES

*First Dealings	Declarations	Last Dealings	Account Day
Jun. 16	Jun. 26	Jun. 27	July 8
Jun. 30	July 10	July 11	July 22
July 14	July 24	July 25	Aug. 5

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Apart from Gold shares, up again on further currency "hedge" considerations, stock markets registered another widespread fall on the prevailing uncertainties about the U.K. economy as reflected in yesterday's further marked weakness in sterling. The threat of tightened price controls and possibly stricter dividend controls as part of any package aimed at restraining wage inflation kept potential buyers of equities on the sidelines and left share prices vulnerable to the relatively small amount of actual selling which took place. Government Securities, on the other hand, gave up more ground—by up to ¾—on concern about the continued delay in Government action to stem the economic rot. The gilt-edged index gave up 0.57 more to 57.76.

The biggest movement in equities during the day was the early-morning mark-down which amounted to 5 and occasionally more in the leaders. This took the FT 30-share index down by 7.6 points following its previous 16-day drop of 69.7; it was still a net 7 points off at 3 p.m., but a late technical rally on bear-closing which the market appeared to be anticipating all day left the index with a loss of 3.8. Trade was fairly small, although markings of 6,461 were well above the 4,743 of Monday of last week.

The FT-Actuaries All-share index lost 2.7 per cent. more to 128.21 which is nearly 17 per cent. below its June 6 "high" for the year but which is still more than double the January 6 "low" for the year of 62.16. Falls in FT-quoted Industrials outnumbered rises by nearly four-to-one.

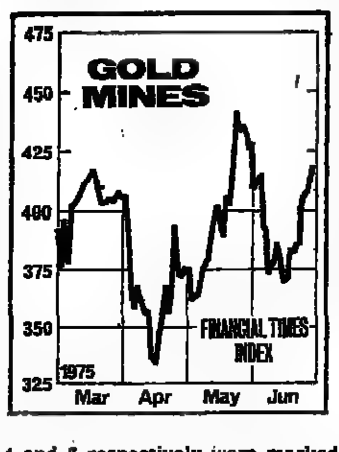
Gilts weaken

Against a background of a fresh slump in sterling and growing worries about the expected economic package, Gilt-edged stocks had a particularly poor day. Short-dated issues came on offer and closed with falls extending to ⅜. Exceptionally, Treasury 9 per cent., 1978, fell ¾ to 94¼. Mediums and longs tried to rally by an ⅛ or so at one stage, but the movement carried very little force behind it and closing losses of ¾ were around the day's lowest.

The continuing plight of sterling stimulated further demand for investment currency and, in an active trade, the premium moved ahead to 106¾ per cent. before coming back to 103¾ per cent. for a fresh gain of 2¾ points. Yesterday's SE conversion factor was 0.5815 (0.5837).

Banks depressed

The big four Banks continued to be plagued by rumours of forthcoming "rights" issues. Prices wilted from the start and by the close fresh double-figured losses were recorded. Barclays, 252p, and National Westminster, 202p, both fell 13, while Lloyds and Midland were 10 cheaper at 205p and 225p respectively. Bank of Scotland were sold down to 215p, for a fresh loss of 8. Overseas issues generally fared better with Bank of New South Wales 20 better at 645p and Commercial Bank of Australia 10 higher at 250p. Standard and Chartered, with preliminary results due to-day, receded 3 to 480p. Merchant banks paraded a long list of casualties. Arbuthnot Latham fell 10 to 155p and Hambros declined 8 to 165p, while falls of 4 and 6 respectively were marked against Edward Bates, 48p, and Mercury Securities, 94p.



Insurances succumbed to fresh selling. Sun Alliance led the retreat, falling 11 to 367p, while "Royals" declined 6 to 266p, and losses of 5 were seen in Commercial Union, 140p, Eagle Star, 102p, and General Accident, 131p.

Up 35 last Friday in response to the offer of 231p per share from Whitbread, Long John International cheapened 2 to 220p. Distillers were similarly lower at 128p. In dull Breweries, further consideration of the results left Vaux 5 off at 253p.

Buildings lost fresh ground, sentiment still being affected by fears of substantial public spending cuts. Taylor Woodrow lost 18 more at 260p for a two-day fall of 26. SGB closed 4 off at 88p after the interim report, while similar falls were marked against Tarmac, 118p, Armitage Shanks, 42p, and Tunnel "B," 105p. John Laing "A" were 4½ easier at 114p ex the scrip issue, while J. Mowlem came back 5 to 51p and Geo. Wimpey receded 6 to 100p. Timbers had May and Hassell 9½ lower at 46p xd and Magnet Joinery 11 cheaper at 104p.

Fisons featured Chemicals with a fall of 13 to 350p. ICI gave up 3 to 247p, while British Tar Products shed 2½ to 26p and Federated Chemicals eased 4 to 52p. W. W. Ball, however, managed to close a penny harder at 36p following the half-yearly report.

Stores on offer

Continuing fears about the likelihood of tighter price controls prompted fresh selling of Stores, which closed with widespread falls. British Home Stores were prominently dull at 284p, down 8, while Debenhams, 59p xd, and Marks and Spencer, 187p, both gave up around 4. "Gussies" 'A' declined 5 further to 153p, while Allied Retailers shed a penny at 68p following the preliminary statement. Mothercare eased 4 to 158p, while other casualties included Wades "A," 4 off at 18p, and Time Products, 5 cheaper at 58p. Against the trend, Ratners (Jewellers) hardened 1 to 97p on the preliminary results and scrip issue proposal. S. Casket were quoted ex the scrip issue at 35p. News agencies were featured by W. H. Smith "A," which fell 22 to 328p on small selling in an unwilling market. Martin the Newsagent receded 4 to 100p and J. Menzies lost 3 to 125p.

The Electrical leaders staged a rally towards the close. Ahead of Thursday's preliminary figures, GEC ended 1 cheaper at 115p, after 113p. EMI finished 2 lower at 168p, after 165p, while Plessey managed a gain of 1 at 66p, after having been down to 63p at one stage. On the other hand, Philips' Lamp firmed 12 to 787p, helped by the rise in the dollar premium. Against the trend, Robinson Rentals improved 2 to 132p following the half-yearly results.

A gloomy Engineering sector sustained falls to 10 as in Hawker Siddeley, 234p. GKN declined 5 to 213p, after 211p, while John Brown fell 4 to 49p, the latter following the sharp contraction in profits. Vickers shed 4 to 119p, but Tube Investments rallied from 228p to finish unaltered on the day at 234p. The chairman's profits' warning in his annual report took A. Cohen down 10½ to 120p xd, while Dunford and Elliott cheapened 2 to 41p for a similar reason. Persistent small offerings left Brockhouse 7 down at 113p and Haden Carrier 6 lower at 80p.

Foods made another drab showing, sentiment still clouded by the prospect of tighter price controls. Tate and Lyle, 230p, and J. Sainsbury, 134p, shed 2 apiece, while Associated Dairies declined 6 to 150p. Linfood were lowered 10 to 154p, while losses of 5 were sustained by Pork Farms, 128p, and Danish Bacon "A", 85p. Nurdin and Peacock retreated 4 to 70p, as did Rowntree Mackintosh to 127p. British Sugar remained dull, losing 5 more at 335p for a two-day fall of 30p. Hazlewoods (Proprietary) were quoted ex the "rights" issue yesterday at 23p with the new nil-paid closing at ½p premium following a quiet trade. Supermarkets moved lower with Wheatsheaf Distribution ending 4 off at 136p and Kwik Save Discount 6 cheaper at 166p.

Trust Houses Forte provided a dull feature in Hotels and Caterers at 83p, down 7. Grand Metropolitan eased 2 to 57p, after 56p, while Ladbroke closed 4 easier at 145p and J. Lyons "A" 10½ down at 138p xd.

AD Intl. rise

Miscellaneous Industrial leaders suffered a fresh setback. Pilkington, following a Press report on the possibility of further redundancies, lost 10 to 185p. Similar falls occurred in Metal Box, 218p, Reckitt and Colman, 289p, and Boots, 190p, while Reed International receded 8 to 208p and Bowater 6 to 131p. However, Beecham closed well above the day's worst with a net loss of 3 at 260p, after 254p, while Glaxo fully recouped an initial loss of 10 to finish unchanged at 318p. The Australian Broken Hill Proprietary were good at 750p, up 35p, helped by the investment premium. Elsewhere, AD International found favour and rose 8 to 93p ahead of to-morrow's results. Lep Group improved 7 to 167p, but F. Wrighton, still on the profits setback, lost 3 more to 14 for a two-day fall of 8. James Warren weakened 17 to 53p and Bestobell 13 to 122p.

Motors, dull for much of the day, picked up late. Dunlop managed a net gain of 3 at 50p, while Lucas Industries ended only a penny down at 93p, after 91p. Elsewhere, U.S. influences helped Ford (BDR), 138p, and General Motor Units, 185p, both 7 higher. Associated Engineering were dull at 46p, down 4, while among Garages, Lex eased a penny to 10p. Caffyns, however, retained 1½ of the net dividend at 57p xd, following the chairman's fairly encouraging statement at the annual meeting.

Newspapers and kindred issues failed to escape the general malaise. Falls of 7 were marked against United, 193p, and Thomson, 158p, while Associated gave up 5 at 75p. In a thin market, Daily Mail "A" fell 10 to 145p.

Properties down again

Properties continued to react nervously to fears of possible business rent restrictions in the expected anti-inflationary package. Land Securities declined 4½ to 156p xd, while falls of about 3 were sustained by Amalgamated Investments, 30p, and MEPC, 100p. A proposed "rights" offer of new 12 per cent. Convertible Loan left English Property a penny easier at 58p and weakened the 6½ per cent. Convertible Loan 14 points to £125. Town and City shed ½ to 18½p following details of a "rights" offer. Secondary issues fared worse than the leaders with falls of around 10 being sustained by Haslemere, 185p xd, Lynton, 80p, New London, 160p, and Great Portland, 189p xd. Reflecting firmness "down-under" the Australian Lend Lease improved 6 to 276p.

Oil leaders lost fresh ground before making a partial recovery. British Petroleum finished 5 cheaper at 498p, after 493p, while Shell Transport were only 2 easier on balance at 304p, after 301p. Royal Dutch contrasted with a further improvement of ⅝ to £30¾, still buoyed by the investment premium. Burmah ended a penny easier at 29p, after 28p, while Ultramar were quoted ex the scrip issue at 174p, down 6. Elsewhere, Tricentrol cheapened 6 to 48p, while Berry Wiggins, 31½p, lost 2½ more of the recent speculative advance. Canadian Oils provided bright spots in Ranger, ⅜ up at £14¼, and Pan Ocean, 50 firmer at 930p while, among Australian issues, Associated Australian put on 4 to 132p and Woodside-Burmah 3 to 71p.

Among Overseas Traders, Paterson Zochonis receded 20 to 360p in a thin market.

Trusts made a dull showing with capital shares particularly weak. Channel Isle lost 10 to 210p as did Derby, to 93p, while Dualvest receded 8 to 110p and Fundinvest 7 to 43p. Further consideration of the interim dividend omission and trading loss took Bishopsgate Property and General Investments down 3 more to 33p.

P and O Deferred cheapened 2½ to 89p, after 88p. In Shippings, where Ocean Transport shed 3½ to 98p and Sheaf Steam declined 7 to 125p.

A late rallying movement helped Courtaulds close 2 better at 115p, after 111p in irregular Textiles. William Reed, 29p, improved a similar amount to 20p following the doubled profits and, reflecting the return to profitability for the first-half, Levex hardened 1½ to 9½p. Youghal Carpets, however, receded 2 to 62p as did Silmma to 29p.

Tobacco leaders held relatively steady and closed at, or near, overnight levels.

In South Africans, Anglo-Transvaal Industries rose 25 to 190p xd and OK Bazaars "A" 30 to a 1975 peak of 910p.

Continuing easier in sympathy with the trend of Industrial market leaders, Guthrie shed 8 to 155p in Plantations.

Golds up again

The Mining market was throughout. Gold shares sponded to the further ris the bullion price which g $1.30 to $166.30 per ounce de early news from the Treasury's auction of 50 ounces of the metal that bi as low as $135 had been rece The investment dollar prem also gained ground reflecting weakness of sterling alth there was a recovery in the ter in late trading.

The rise in the Gold Mines dex of 8.5 to 418.2 was pa pared by numerous issues be marked ex the June dividend ments Randfontein put on at £32½ while, among the lo prices issues, Doelkraal were higher at 420p.

Financials mirrored the tr in Golds with the London-ba houses shrugging off the effe of the lower U.K. Indust market. "Amgold" jumped to £45½ and Gold Fields ad 10 at 268p. In front of to-morro results Selection Trust were harder at 585p.

Cape interest in Platinums both Lydenburg (147p) Potgietersrust (230p) 10 high Firmer home markets overni coupled with the higher premi left Australian issues with ga ranging to 20 in Peko-Walls at 308p and Thiess Holdings 260p.

In a little tested Tin see Geevor added 3 at 208p follow Press coment. In a firm Cop group Minorco put on 15 at 3 reflecting its stake in Engelh Minerals. Elsewhere, Sabina r 8½ to 95p.

FINANCIAL TIMES STOCK INDICES

—	June 30	June 27	June 26	June 25	June 24	June 23	A year ago
Government Secs.	57.76	58.33	58.67	58.94	58.55	58.32	54
Fixed Interest	57.65	57.92	58.03	58.08	57.89	57.81	54
Industrial Ordinary	291.8	295.6	303.8	313.7	310.3	318.8	25
Gold Mines	*418.2	409.7	407.2	400.9	386.2	386.1	30
Ord. Div. Yld. %	6.94	6.85	6.67	6.45	6.51	6.35	7
Earnings Yld. % (full)	20.52	20.25	19.71	19.09	19.26	18.76	20
P/E Ratio (net) (*)	6.96	7.06	7.25	7.49	7.42	7.62	6
Dealings marked	6,461	5,765	6,104	8,227	6,109	4,845	8,
Equity turnover £m.	—	56.73	57.15	51.04	61.65	52.80	57
Equity bargains total	—	15,569	14,371	14,286	16,992	13,581	9,

10 a.m. 289.6. 11 a.m. 287.2. Noon 289.7. 1 p.m. 288.8. 2 p.m. 289.3. 3 p.m. 288.8.
Latest Index 01-246 8026.
(a) Based on 52 per cent. corporation tax. (b) Nil=6.92.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec. 1942. * Cum div 421.6.

HIGHS AND LOWS

—	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.34 (25/3)	49.18 (3/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	62.31 (21/3)	50.53 (3/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	365.5 (6/6)	146.0 (6/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.3 (22/5)	280.2 (20/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	June 30	June 27
Daily—		
Gilt-Edged	167.7	15
Industrials	219.2	19
Speculative	75.9	5
Totals	147.1	13
5-day Av'ge		
Gilt-Edged	168.5	15
Industrials	227.4	21
Speculative	63.9	6
Totals	148.7	14

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and The Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon. June 30 Index No.	Day's Change %	Est. Earnings Yield % (Max. Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Friday June 27 Index No.	Thurs. June 26 Index No.	Wed. June 25 Index No.	Tuesday June 24 Index No.	Year ago (approx.) Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (181)	108.94	-2.6	21.54	7.38	6.96	6.95	111.90	115.68	116.76	116.22	90.50	131.26 (6/6)	61.78 (6/1)	206.47 (4/5/72)	15.73 (13/12/74)
2 Building Materials (30)	92.46	-2.9	21.51	8.52	7.15	7.14	95.23	97.59	99.95	99.66	88.65	117.40 (22/4)	46.11 (6/1)	255.84 (2/5/72)	44.27 (11/12/74)
3 Contracting, Construction (23)	195.08	-4.7	19.43	4.52	7.56	7.56	202.54	207.59	215.07	215.56	146.58	251.61 (23/4)	74.74 (6/1)	389.53 (19/5/72)	71.48 (12/12/74)
4 Electricals (16)	201.79	-0.9	18.58	5.94	7.90	7.88	205.69	205.48	212.61	210.19	170.52	234.64 (6/6)	98.49 (2/1)	350.04 (4/5/72)	84.71 (25/6/66)
5 Engineering (Heavy) (13)	132.09	-1.9	16.49	6.03	5.76	5.75	134.85	137.72	141.54	139.98	97.75	169.79 (22/4)	64.59 (2/1)	209.57 (8/5/72)	64.59 (2/1/75)
6 Engineering (General) (65)	96.12	-3.2	22.95	8.41	5.40	5.40	99.28	100.62	103.13	102.79	74.41	117.40 (6/6)	45.43 (6/1)	168.59 (4/5/72)	45.43 (6/1/75)
7 Machine and Other Tools (11)	40.68	-2.0	14.60	8.74	12.52	12.32	41.50	41.87	42.22	42.20	33.56	48.98 (20/6)	20.11 (2/1)	136.70 (4/7/66)	19.96 (13/12/74)
8 Miscellaneous (23)	99.72	-2.8	24.35	7.91	6.08	6.08	102.55	103.80	106.08	105.85	82.53	121.76 (6/6)	49.66 (6/1)	177.41 (27/4/72)	49.66 (6/1/75)
9 CONSUMER GOODS (DURABLE) (59)	78.78	-2.1	22.50	7.80	6.61	6.60	80.49	82.01	83.87	82.73	78.61	93.16 (6/6)	38.59 (6/1)	227.78 (21/4/72)	38.59 (6/1/75)
10 Electronics, Radio TV etc. (15)	90.99	-2.1	22.09	5.72	6.59	6.58	92.97	96.71	96.28	95.35	92.80	106.54 (6/6)	44.28 (6/1)	257.41 (19/5/72)	42.85 (12/12/74)
11 Household Goods (15)	122.68	-1.5	35.11	8.75	4.14	4.14	124.26	125.27	126.31	126.65	123.90	146.90 (23/4)	64.55 (6/1)	265.22 (4/5/72)	65.92 (17/12/74)
12 Motors and Distributors (29)	42.29	-2.5	17.54	10.50	9.08	8.98	43.37	44.28	46.15	45.05	40.43	50.91 (6/6)	19.91 (6/1)	170.59 (15/1/69)	19.91 (6/1/75)
13 CONSUMER GOODS (NON-DURABLE) (164)	120.90	-2.5	16.79	5.86	8.50	8.47	123.95	125.79	129.60	*128.72	98.96	146.46 (6/6)	51.98 (6/1)	226.08 (16/8/72)	61.41 (13/12/74)
14 Breweries (16)	138.82	-2.4	14.45	7.25	10.44	10.44	142.16	145.89	149.24	148.03	111.74	163.83 (6/6)	75.58 (6/1)	281.87 (28/11/72)	69.47 (13/12/74)
15 Wines and Spirits (8)	153.72	-1.4	14.64	6.11	10.07	10.07	155.94	156.59	161.92	160.52	124.89	176.45 (6/6)	80.42 (6/1)	257.40 (13/7/72)	78.88 (13/12/74)
16 Entertainment, Catering (16)	132.76	-4.0	16.85	5.34	8.82	8.82	138.31	141.02	146.55	144.42	108.04	168.44 (27/5)	55.28 (6/1)	329.98 (12/12/72)	54.84 (9/1/75)
17 Food Manufacturing (22)	133.36	-2.5	15.64	5.88	8.76	8.71	136.77	139.11	141.91	140.20	99.07	166.67 (6/6)	62.03 (2/1)	211.65 (1/5/72)	59.67 (11/12/74)
18 Food Retailing (16)	113.22	-2.2	14.01	5.65	10.40	10.40	115.77	117.50	123.08	122.38	86.47	149.17 (4/6)	57.15 (2/1)	255.08 (15/8/72)	54.25 (11/12/74)
19 Newspapers, Publishing (15)	116.68	-4.4	20.14	6.04	7.49	7.49	124.57	129.06	135.11	133.12	116.52	152.14 (6/6)	55.08 (6/1)	260.29 (15/1/72)	55.08 (6/1/75)
20 Packaging and Paper (13)	82.72	-5.2	29.05	8.82	5.05	5.06	85.46	87.75	89.95	*89.08	59.86	107.12 (20/5)	43.46 (6/1)	155.69 (25/4/72)	46.46 (6/1/75)
21 Stores (30)	100.98	-3.6	13.90	6.42	10.84	10.84	105.01	106.66	110.21	110.69	81.55	132.94 (20/5)	52.65 (6/1)	204.39 (16/8/72)	52.65 (6/1/75)
22 Textiles (19)	123.15	0.9	28.76	8.57	4.12	4.02	124.28	125.45	130.37	128.22	113.24	145.07 (27/5)	62.91 (6/1)	253.72 (17/9/67)	62.66 (11/12/74)
23 Tobacco (3)	177.21	-0.2	16.59	7.62	7.96	7.96	177.58	179.00	182.84	179.82	166.75	199.16 (10/3)	109.92 (6/1)	339.16 (2/8/72)	94.34 (13/6/62)
24 Toys and Games (6)	37.90	-1.8	33.33	8.14	4.20	4.20	37.24	38.56	39.45	41.09	36.59	44.08 (6/6)	20.92 (6/1)	135.72 (18/1/70)	20.92 (6/1/75)
OTHER GROUPS (92)															
25 Chemicals (24)	152.79	-3.0	23.03	5.93	6.22	6.22	157.50	161.25	166.42	165.31	123.56	189.17 (6/6)	73.14 (6/1)	201.92 (31/1/69)	71.20 (11/12/74)
26 Office Equipment (10)	78.29	-2.8	18.24	6.78	7.58	7.58	80.56	82.67	84.14	84.55	88.16	104.78 (17/4)	45.54 (2/1)	246.06 (1/9/72)	45.34 (2/1/75)
27 Shipping (12)	318.94	-3.7	35.04	7.33	5.10	*4.93	331.08	330.56	337.08	330.20	313.57	401.84 (10/3)	194.58 (6/1)	517.00 (2/12/72)	90.80 (29/6/62)
28 Miscellaneous (46)	124.74	-3.3	21.57	7.87	6.75	6.77	128.96	130.96	135.69	134.26	110.69	153.56 (6/6)	60.39 (6/1)	258.83 (2/5/72)	60.39 (6/1/75)
29 INDUSTRIAL GROUP (496)	118.80	-2.7	19.53	6.99	7.58	7.35	121.43	123.49	126.86	*126.28	100.07	143.45 (6/6)	59.19 (6/1)	220.17 (1/5/72)	59.01 (13/12/74)
30 OILS (4)	273.42	-1.5	25.92	5.65	5.99	5.72	277.53	278.52	282.06	281.96	190.60	296.47 (4/6)	105.85 (2/1)	451.66 (29/5/69)	87.23 (29/5/62)
31 500 SHARE INDEX	131.06	-2.5	20.73	6.76	6.48	6.35	134.38	135.36	139.78	*139.28	107.79	156.14 (6/6)	63.49 (6/1)	227.95 (16/5/72)	63.49 (13/12/74)
32 FINANCIAL GROUP (100)	116.17	-4.1	—	6.20	—	—	121.10	123.34	126.53	129.49	100.10	148.46 (20/5)	56.50 (6/1)	241.41 (11/4/72)	55.88 (13/12/74)
33 Banks (6)	135.34	-5.5	27.45	5.63	5.43	5.43	143.27	143.84	150.98	155.15	125.35	177.11 (5/6)	62.56 (2/1)	288.38 (20/7/72)	62.44 (12/12/74)
34 Discount Houses (9)	139.49	0.2	—	8.60	—	—	139.32	140.68	140.68	141.55	113.35	169.27 (7/3)	84.13 (6/1)	293.18 (2/5/72)	81.40 (10/12/74)
35 Hire Purchase (5)	80.58	1.8	50.97	11.26	4.29	3.93	82.02	84.07	84.29	87.20	158.30	134.39 (10/3)	42.81 (6/1)	433.73 (4/5/72)	38.83 (11/12/74)
36 Insurance (Life) (9)	96.75	-3.4	—	7.06	—	—	100.15	101.46	105.16	105.75	82.16	127.97 (23/4)	44.88 (2/1)	194.46 (15/3/72)	44.88 (2/1/75)
37 Insurance (Composite) (7)	93.40	-3.8	—	7.07	—	—	97.04	99.08	105.97	105.94	71.73	125.90 (20/5)	44.47 (2/1)	155.76 (21/4/72)	43.96 (13/12/74)
38 Insurance (Brokers) (8)	176.62	1.0	11.52	4.79	12.91	12.91	178.35	186.91	188.48	195.09	126.52	211.50 (30/5)	68.95 (7/1)	262.57 (12/12/73)	65.86 (16/12/74)
39 Merchant Banks (19)	74.54	3.2	—	8.10	—	—	77.03	79.69	81.07	79.71	84.24	94.97 (7/3)	31.21 (7/1)	278.57 (1/5/72)	31.21 (7/1/75)
40 Property (32)	158.69	-4.2	4.62	3.84	32.19	30.98	165.57	170.28	178.51	179.52	121.98	241.28 (22/4)	88.19 (7/1)	357.40 (9/11/73)	56.01 (20/4/65)
41 Miscellaneous (5)	65.56	-2.5	14.99	9.96	9.72	9.61	68.28	70.35	71.00	70.52	77.11	75.78 (23/4)	34.78 (10/1)	303.13 (18/5/72)	33.29 (17/12/74)
42 Investment Trusts (50)	151.69	1.4	3.35	4.59	29.96	29.86	153.81	156.15	158.76	156.78	108.81	178.53 (6/6)	73.43 (6/1)	245.79 (25/4/72)	71.63 (13/12/74)
43 ALL-SHARE INDEX (650)	128.21	-2.7	—	6.51	—	—	131.79	133.82	137.55	*137.35	106.50	154.09 (6/6)	62.16 (6/1)	228.18 (1/5/72)	61.92 (13/12/74)
COMMODITY GROUPS (Not included in 500 or All Share indices)															
44 Rubbers (10)	407.65	-1.5	14.55	8.07	8.60	8.47	413.85	416.80	420.63	421.51	311.20	525.43 (23/5)	281.66 (2/1)	555.37 (25/7/73)	84.68 (25/8/65)
45 Teas (10)	100.06	-0.6	19.25	9.66	6.61	6.11	100.68	100.68	100.68	100.68	90.41	100.68 (24/6)	76.76 (10/1)	121.47 (15/5/72)	59.72 (17/10/74)
46 Coppers (3)	410.36	+3.3	47.85	18.40	2.09	2.09	397.39	406.31	405.79	405.79	364.43	467.74 (27/5)	374.58 (22/1)	567.78 (15/7/73)	94.08 (29/4/62)
47 Mining Finance (11)	137.52	+2.8	8.88	3.84	12.35	12.29	133.82	132.98	131.32	130.27	87.58	141.34 (30/5)	80.56 (22/1)	175.90 (25/4/69)	66.31 (30/9/74)
48 Tins (8)	98.52	0.8	10.32	6.39	12.48	10.72	99.61	99.76	99.43	98.66	76.98	114.49 (5/6)	56.91 (6/1)	125.45 (12/1/73)	54.83 (27/5/71)
49 Overseas Traders (13)	207.87	0.6	16.86	4.34	7.54	7.52	209.16	213.11	213.96	211.54	—	252.23 (20/5)	97.37 (6/1)	258.23 (30/5/75)	97.37 (6/1/75)

FIXED INTEREST	Monday, June 30 Index No.	Monday, June 30 Yield %	Friday June 27	Thurs. June 26	Wed. June 25	Tuesday June 24	Monday June 23	Friday June 20	Thurs. June 19	Year ago (approx.)	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1 Consols 2½% yield	--	14.89	14.66	14.65	14.44	14.64	14.74	14.73	14.72	15.48	—	—	—	—
2 20-yr. Govt. Stocks (6)	46.74	13.84	47.35	47.02	48.11	47.56	47.52	47.18	47.20	46.41	53.09 (20/3)	38.27 (3/1)	115.42 (11/9/65)	38.27 (3/1/75)
3 20-yr. Red. Deb & Loans (15)	46.02	15.98	46.37	46.39	46.36	46.08	46.03	45.87	45.76	43.56	50.68 (31/3)	37.01 (3/1)	113.43 (23/10/63)	37.01 (3/1/75)
4 Investment Trusts Prefs (15)	42.15	16.44	42.18	42.01	42.01	41.23	41.40	41.54	41.54	41.66	46.87 (25/3)	35.35 (3/1)	114.41 (13/9/63)	34.45 (4/12/74)
5 Coml. and Indl. Prefs. (20)	59.71	15.76	60.19	59.61	59.49	58.87	58.60	58.88	58.83	56.26	66.99 (30/5)	48.35 (3/1)	114.95 (7/10/63)	47.67 (6/1/75)

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00	Miscellaneous Financial	31/12/70	128.06
Engineering (Heavy)	31/12/71	153.84	Food Manufacturing	29/12/67	114.13
Engineering (General)	31/12/71	153.84	Food Retailing	29/12/67	114.13
Wines and Spirits	16/1/70	134.76	Insurance Brokers	29/12/67	96.67
Toys and Games	16/1/70	135.72	Mining Finance	29/12/67	100.00
Office Equipment	16/1/70	152.74	All Other	10/4/62	100.00
Industrial Group	31/12/70	128.20			

‡ Redemption yield. FT-Actuaries Indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By inland post 16p. Commonwealth 18p. Foreign 22p. * Corrected.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
Glaxo 'New'	Nil/pd.	14	110*	− 8	102*	103*
Boots	25p	12	190	− 9	276	91
BP	£1	11	498	− 5	335	190
Barclays Bank	£1	10	252	−13	323	112
EMI	50p	10	168	− 2	200	82
Grd. Metropolitan	50p	10	57	− 2	60	19½
ICI	£1	10	247	− 3	302	118
Midland Bank	£1	10	225	−10	305	122
Phoenix 'New'	Nil/pd.	10	5*	− 3	27*	1*
Beecham	25p	9	260	− 3	310	116
BATS	25p	9	297	—	338	164
Charterhall Fin'ce	5p	9	61	− 3	65	17
Nat. Westminster	£1	9	202	−13	275	88
Cons. Gold Fields	25p	8	266	+10	290	188
Courtaulds	25p	8	115	+ 2	140	53

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).
* Premium.

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jun. 24	July 7	Sept. 18	Sept. 30
July 8	July 21	Oct. 8	Oct. 14
July 22	Aug. 4	Oct. 16	Oct. 28

"Calls" were dealt in Lonrho, National Westminster Bank warrants, Bank of Scotland, Trafalgar House, Burmah Oil, Cavenham warrants, Premier Oil, Charterhall Finance, Ultramar, Reyrolle Parsons, Tube Investments, Boots, Coalite and Chemical, Courtaulds and Slater Walker. "Puts" were arranged in Tube Investments and EMI, while "doubles" were arranged in Spillers and Bank of Scotland.

Industrials							
		Grand Met.	9	Slater Walker	13		
		G.U.S. 'A'	20	Spillers	7	Mines	
A. P. Cement	20	Guardian	20	Tesco	6	Anglo Amer.	60
Assoc. Leisure	5	G.K.N.	28	Thorn 'A'	20	Broken Hill Prp.	75
Barclays Bank	55	Hawker Sidd.	50	Tube Invest.	30	Charter Cons.	22
Beecham	28	House of Fraser	10	Unilever	40	Chart'rh'll Fin.	8
Boots Drug	24	Hudson Wilms	6	Utd. Drapery	12	Cons Gold	25
Bowaters	20	I.C.I.	24	Vickers	15	De Beers Dfd.	25
B.A.T.	45	"Imps"	7	Woolworths	6	F. S. Geduld	350
British Leyland	1¼	I.C.L.	7			Great Boulder	12
British Oxygen	6	Inveresk	10	Property		Hampton Areas	15
Burton 'A'	9	Legal & General	17	Cap. Counties	7	Hampton Prop.	4
Cadburys	6	Lloyds Bank	30	E.P.	11	Kloof	140
Courtaulds	14	"Lofs"	7	Int. Europe	7	Lonrho	19
Debenhams	11	"Mams"	9	Land Securities	22	Loraine	65
Distillers	15	Marks & Spencer	25	Peachey	7	Metals Explor.	8
Dunlop	6	Midland Bank	52	Town & City	6	Poseidon	58
Eagle Star	16	NatWest Bank	30	Town & Comm.	7	Pres. Steyn	275
E.M.I.	20	P & O Dfd.	16			Rio T. Zinc	20
First National	4	Plessey	10	Oils		Welkom	55
G.R.A. Trust	7	R.H.M.	7	Brit. Petroleum	45	West Areas	75
Gen. Accident	16	Rank Org. 'A'	25	Burmah Oil	6	Western M'ng.	15
Gen. Electric	14	Reed Int'l	28	Shell	30	Zambia Copp.	10
Glaxo	40			Ultramar	21		

NEW "HIGHS" AND "LOWS" FOR 1975

The following securities (numbers in parentheses) among those quoted in the Share Information Service yesterday attained new "highs" and "lows" for 1975.

AMERICANS (35)
ASA, Amax, Assocd Spring, Baker Oil Tools, Bendix Corpn., CBS, C.P.C., Carborundum, Chase Manhattan, City Inv., Do. Cum. Pref., Cont. Illinois, Crown Zellerbach, Cutler-Hammer, Firestone Tire, First Chicago, Fluor Corpn., Zapa Corpn., Ford Motor, Gen. Elect., Gillette, Honeywell, Hutton (E. F.), Ingersoll-Rand, Manuf. Hanover, Merck, Merrill Lynch, Morgan (J. P.), Owens-Illinois, Quaker Oats, Shell Oil, Sperry Rand, TRW Inc., Texaco, Vetco Inds.

CANADIANS (7)
Bank Montreal, Hawker Sid. Canada, Hudson Bay Oil Gas, White Pass, Inland Nat. Gas, Pacific Pet, Rio Algom

ELECTRICALS (2)
Robinson Rnts., Sony Co.

ENGINEERING (1)
Permali

FOODS (1)
Adams Foods

INDUSTRIALS (5)
AD Int., Barlow Rand, Rennies Cons., Borg-Warner, Lep Group

MOTORS (2)
Ford (BDR), Gen. Motor Units

SHIPPING (1)
Mersey Docks Units

SOUTH AFRICANS (2)
OK Bazaars 'A', Unisec

TRUSTS (3)
Robeco sub shares, F.U.G.I.T., Worldwide

OILS (1)
Royal Dutch

MINES (7)
Geduld Inv., Joburg Cons., Minorco, Lydenburg, Vogels, Anglo-Am. Inv., De Beers Df.

CORPORATION LOANS (1)
Warwick 12½pc 1980

BUILDINGS (1)
Francis Parker

INDUSTRIALS (8)
Gnome Photographic, Lawtex, MPI, Pickles (Wm.), Sandhurst Mk., Utd. Industrial, Warren (Jas.), Wood and Son

PAPER (2)
Brunning Group, Clay (Richard)

PROPERTY (1)
Metro Town Centre

TRUSTS (1)
Thanet Inv.

BASE LENDING RATES

AFI International	9½%
Allied Irish Banks Ltd.	9½%
Anglo-Portuguese Bank	10 %
Henry Ansbacher	10½%
Banco de Bilbao	9½%
Banco de Jerez	10½%
Bank of Cyprus	†10 %
Banque du Rhone S.A.	10 %
Barclays Bank	9½%
Barnett, Christie Ltd.	11 %
Bremar Holdings Ltd.	10½%
Brit. Bank of Mid. East	9½%
■ Brown Shipley	10½%
Cayzer, Bowater Co. Ltd.	10½%
Cedar Holdings	10 %
■ Charterhouse Japhet	10½%
C. E. Coates	10½%
Consolidated Credits	12 %
Continental Trade Bk.	9½%
Co-operative Bank	*9½%
Copleys Bank	11½%
Corinthian Securities	9½%
Credit Lyonnais	9½%
G. R. Dawes	10½%
Duboff Brothers	11½%
Duncan Lawrie	10½%
English Transcont.	11½%
First London Secs.	9½%
First Nat. Fin. Corp.	12½%
First Nat. Secs. Ltd.	11½%
■ Antony Gibbs	10
Goode Durrant Trust	10
Greyhound Guaranty	9½
Grindlays Bank	10
■ Guinness Mahon	10½
■ Hambros Bank	9½
Hawtin & Partners	13
■ Hill Samuel	§10
C. Hoare & Co.	†9½
Julian S. Hodge	10½
Industrial Bank of Scot.	9½
Jacobs, Kroll	11
Keyser Ullmann	11
Kinchurst Securities	12
Knowsley & Co. Ltd.	11
Lloyds Bank	9½
London & European	11
London Mercantile	11
Midland Bank	9½
■ Samuel Montagu	9½
■ Morgan Grenfell	9½
National Westminster	9½
Northern Comm. Trust	10½
Norwich General Trust	10
Portman Guaranty	11
P. S. Refson & Co.	9½
Rossminster Accept'cs.	9½
Royal Trust of Canada	10½
Schlesinger Limited	10½
E. S. Schwab	11½
Security Trust Co. Ltd.	11
Shenley Trust	11½
Standard & Chartered	9½
Sterling Credit	1[illegible]
Stewart Salmon & Co.	9½
Thames Guaranty	11
Trade Development Bk.	9½
Twentieth Century Bk.	11
United Bank of Kuwait	9½
Wallace Brothers Bank	10½
Whiteaway Laidlaw	10
Williams and Glyn's	9½
Yorkshire Bank	9½

■ Members of the Accepting Houses Committee.
* 7-day deposits 6½%, 1-month deposits 6¾%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 6¾% and over £25,000 7¼%.
‡ Deposit Base Rate 9½%.
§ Demand deposit 7½%.

I.G. INDEX
GOLD 164¾-167¾

CORAL INDEX
Close 287-292 289-294

INSURANCE BASE RATES

† Atlantic Assurance	11
Cannon Assurance	9

† Address shown under Insurance and Property Bond table.

MONEY MARKET

More official loans

Bank of England Minimum Lending Rate 10%
(Since May 2, 1975)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities for the third day running gave assistance by lending to Discount houses at the Bank of England Minimum Lending Rate: on this occasion one or two houses being involved in moderate one-day loans. Government disbursements were greater than revenue transfers to the Exchequer, bu the market faced a net take-up of Treasury bills, there was a rise in the note circulation, the market repaid the large sums borrowed on Thursday and Friday of last week, and the central authorities held maturing local government bills.

Short-term interest rates showed no marked trend, with the one-month sterling certificate yieeld easing a shade, to 9½-9⅝ per cent., while the three-month was a little firmer, at 9⅞-9⅝ per cent. against 9⅝-9⅜ per cent., and the one-year unaltered at 11⅛-10⅞ per cent.

Discount houses offered rates ranging from 8½-10 per cent. for secured call loans, while in the inter-bank market, overnight loans were 8⅝-10 per cent.

Rates in the table below are nominal in some cases.

June 30 1975	Sterling Certificates of deposits	Inter-bank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House deposits	Company deposits	Discount market deposits	Treasury bills ф	Bank bills ф	Fine trade bills ф
Overnight	—	8⅝-10	8¼-9	—	—	9½-10	8½-10	—	—	—
2 days notice	—	—	9¼-9	—	—	—	—	—	—	—
7 days or 7 days notice	—	8⅞-9¼	9-9⅜	—	9½-10½	—	8¾-9⅜	—	—	—
One month	9½-9⅝	9⅛-9½	9¼-9¾	10¼-9⅞	10-10¼	—	8⅞-9	9-9⅜	9⅝-9⅝	9¾-11
Two months	9⅝-9½	9½-9⅝	—	10½-10	10½-10¾	—	9⅛	9⅛-9½	9⅝-9⅞	10-11
Three months	9⅞-9⅝	9⅞-9¾	9½-9⅞	10½-9½	10½-11	—	9¼-9⅝	9⅝-9⅝	9¾	10-11
Six months	10⅛-10⅛	10-10⅜	9¾-10⅛	10½-9¾	—	—	—	—	10-10⅛	10¾-11¼
Nine months	10⅞-10⅛	10⅞-10⅞	—	11½-11	—	—	—	—	—	—
One year	11⅛-10⅞	10⅝-11⅛	12	12-11½	—	—	—	—	—	—
Two years	12½-12	12-12½	14-14¼	12½-12	—	—	—	—	—	—

† Local Authority and finance houses seven days notice, others seven days' fixed. * Long-term local authority mortgage rate nominally three years 13¾-13⅞ per cent.; four years 14-14¼ per cent.; five years 14-14¼ per cent. ф Bank bill rates in table are buying rates for prime paper; buying rates for four-month bank bills 9⅞ per cent. and four-month trade bills 10⅞-11 per cent. Approximate selling rates for one-month Treasury bills 9⅜-9 per cent.; two-month 9⅜-9⅝ per cent.; three-months 9¼-9 13/32 per cent. Approximate selling rates for one-month bank bills 9⅝ per cent.; two-month 9⅝ per cent.; and three-month 9 9/16-9⅝ per cent.; for one-month trade bills 9¾-10¼ per cent.; two-month 9¾-10¼ per cent. and three-month 9¾-10¼ per cent.

Finance House Base Rate (published by the Finance Houses Association). 10½ per cent. from May 1. Clearing Bank Deposit Rates for small sums at seven days' notice 6½ per cent. Clearing Banks Base Rates for lending: 9½ per cent. Treasury Bills: Average tender rate of discount 9.4526 per cent.

هكذا من الأصل

AUTHORISED UNIT TRUSTS

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share prices previously shown under regional headings is presented below with quotations on London, Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

NOTES

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1975 High	Low	Stock	£	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99	90¼	Savings 3pc '65-75‡‡	99	.....	3.02	9.29
99⅝	94½	Exch 6½pc 1976‡‡	98⅛		6.62	9.36
97¼	92	Treasury 6½pc 1976‡‡	97		6.70	9.37
99	97	Victory 4pc 1976‡‡	99xd		4.08	—
102	96⅞	Treasury 10¼pc 1976‡‡	100¼		10.47	10.28
95	88⅞	Treasury 6¼pc 1977‡‡	94¼		6.63	9.98
93¼	86¼	Electric 3pc '74-77	93	–⅛	3.22	7.42
103	96⅞	Treasury 11½pc '77‡‡	101½		11.53	10.67
88	84	Treasury 3pc '77‡‡	87	+⅛	3.43	8.91
89⅝	84⅝	Transport 4pc '72-77	88¼xd		4.50	9.18
96	90½	Treasury 9pc 1978‡‡	94¼		9.55	11.37
100	96⅝	Treasury 10½pc '78‡‡	97xd		10.75	11.43
87⅞	79	Exchequer 5pc '76-78‡‡	85⅛		5.87	10.47
103	94	Treasury 11½pc '79‡‡	99		11.54	11.58
79⅝	71⅞	Treasury 3pc '79‡‡	78		3.85	9.44
81	75⅞	Electric 4¼pc '74-79	79½		5.34	10.33
100	96	Treasury 10½pc '79‡‡	96		10.86	11.45
79⅛	71	Electric 3½pc '76-79	78⅛		4.48	9.74
95	84	Treasury 9pc 1980‡‡	91⅞	–½	9.80	11.25
95	94⅞	Treasury 9½pc '80‡‡●	94⅞	–½	10.01	10.88
79	68¼	Treasury 3½pc '77-80	75½	–½	4.63	9.86
84½	71	Funding 5¼pc '78-80‡‡	79⅝xd		6.59	10.62
		Five to Fifteen Years				
75½	66⅛	Treasury 3½pc '79-81	74⅛		4.81	9.91
91⅞	72⅝	Do 8¼pc '80-82‡‡	84⅞xd	–½	9.98	11.81
104½	86⅝	Treasury 12pc 1983‡‡	101¾	–½	12.21	12.33
78	58	Funding 5½pc '82-84‡‡	70⅝xd		7.76	10.81
85¼	61	Treasury 8½pc '84-86‡‡	77¾xd	–½	10.90	12.18
73¼	51	Funding 6½pc '85-87‡‡	66⅞	–½	9.88	11.97
75¼	53	Treasury 7¾pc '85-88‡‡	67⅞xd	–½	11.33	12.89
46½	32⅞	Transport 3pc '78-88	41⅞xd		7.16	11.89
55¼	39¼	Treasury 5pc '86-89	50⅞	–½	10.03	12.69
		Over Fifteen Years				
75½	53¼	Treasury 8¼pc '87-90‡‡	66⅝		12.45	13.56
55¼	41	Funding 5¾pc '87-91‡‡	51⅝		11.44	13.39
97½	85	Treasury 12½pc '93‡‡●	86½xd		14.40	14.59
54½	40½	Funding 6pc 1993‡‡	49⅝		12.54	13.94
75	54⅛	Treasury 9pc '94‡‡	65⅝		14.00	14.55
34	24¼	Gas 3pc '90-95	30¼		10.08	12.86
102	75	Treasury 12¾pc '95‡‡	89⅛		14.57	14.67
71½	54¼	Treasury 9pc '92-96‡‡	66½		14.18	14.63
32	26½	Redp. 3pc '86-96	29⅝		10.39	12.80
69½	53¼	Treasury 8¾pc 1997‡‡	64¼		14.27	14.65
59	40¼	Treasury 6¾pc '95-98‡‡	49½	–½	13.95	14.58
75	54¼	Treasury 9½pc 1999‡‡	65¼		14.48	14.75
31	22	Funding 3½pc '99-04	26¾xd		13.02	13.80
61⅛	47	Treasury 8pc '02-06‡‡	56	–½	14.69	14.80
42⅞	33	Treasury 5½pc '08-12‡‡	39	–½	14.60	14.69
59	45	Treasury 7¾pc '12-15‡‡	51⅞xd	–½	14.79	14.83
		Undated				
29¼	22⅛	Consols 4pc	26½xd	–¼	15.11	14.83
27¼	20½	War Loan 3½pc‡‡	24	–¼	14.76	—
27½	22	Conv. 3½pc '61 Aft.	25¼	–¼	14.35	—
22	17½	Treasury 3pc '66 Aft.	20¼	–¼	15.35	—
18¼	14¼	Consols 2½pc	16¾xd	–¼	14.89	—
18½	14½	Treasury 2½pc	17⅛	–¼	15.14	—
		****INTERNATIONAL BANK**				
66¼	58	5pc Stock '77-82	66	.....	7.78	12.83
96½	91½	8pc Stock 1976	96	.....	8.34	12.08
		****CORPORATION LOANS**				
87	80¼	Birm'ham 9¾pc '79-81	87		11.12	13.38
92¼	87	Bristol 6½pc '75-77	91½	–¼	7.11	12.55
88½	82¼	Essex 5¾pc '75-77	88xd	–¼	6.25	12.46
95	90	G.L.C. 6¾pc 1976	94½	–¼	7.14	12.18
91¼	85	Do 7¼pc 1977	90¼	–¼	8.03	12.62
99	92½	Do. 12½pc '82	95¾	–¼	13.19	13.70
75¼	63	Herts. 5½pc '78-80	71¼	–¼	7.36	13.44
91½	83	Liverpool 7pc '76-77	89¾	–¼	7.81	12.43
89½	71	Do. 9¾pc '80-84	85		11.61	12.86
23	17¼	Do 3½pc Irred.	21½xd		16.28	—

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 71¼% (based on $2.1735 per £)

CANADIANS

S.E. List Premium 71¼% (based on $2.2395 per £)

Conversion factor 0.3813 (0.3837)

††BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Cont.

FOOD, GROCERIES, ETC.

HOTELS & CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

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INDUSTRIALS—Continued

INDUSTRIALS—Continued

††INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

1975 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
£14¾	780	Durban Deep R1	£11½xd	+⅝	‡Q110c	ϕ	‡
£14	860	E. Rand Prp. R1	£11½xd	+⅛	‡Q115c	ϕ	‡
105	55	Rand Leases 2½c	68	+3	—	—	—
£34½	£22	Randf'tn Est. R2	£32¾	+1¾	—	—	—
500	260	West Rand R1	380	+25	‡Q40c	1.3	‡

EASTERN RAND

1975 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
370	235	Bracken R1	320	+15	†Q51c	1.1	10.3
23	13	Daggafontein 50c	17	+1	—	—	—
105	60	East Dag. R1	80	+5	‡Q25c	ϕ	‡
140	140	Grnt. Areas 5c	140#	.....	—	—	—
380	210	Grootvlei 30c	300xd	+5	‡Q32c	1.1	‡
820	410	Kinross R1	785	+30	†Q50c	1.5	4.2
198	107	Leslie 80c	154	+6	†Q22c	1.6	9.2
550	325	Marievale 70c	450xd	+9	‡Q84c	1.1	‡
725	380	S. African Ld. 35c	570xd	+3	‡Q85c	1.2	‡
265	175	Vlakfontein R1	230xd	+14	Q30c	ϕ	8.4
£13¾	840	Winkelhaak R1	£13	+½	†Q94c	1.2	2.6
120	65	Wit. Nigel 25c	96	+5½	Q1c	10.9	0.7

FAR WEST RAND

1975 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
£11	680	Blyvoor 25	£10½	+½	Q100c	ϕ	3.1
£21½	£17	Buffels R1	£21½	+¼	Q180c	ϕ	5.4
430	293	Deelkraal R0.20	420	+40	—	—	—
£14¾	920	Doornfontein R1	£14¾xd	+¼	Q110c	ϕ	5.0
£12¾	725	East Drie R1	£12¼xd	+⅜	Q65c	ϕ	3.4
£12½	725	Do. Comb. Units	£12	.....	—	—	—
450	295	Elsburg R1	430xd	–2	Q45½c	Q65c	—
£31	£16	Hartebeest R1	£25½xd	–½	Q215c	ϕ	4.9
£13¾	815	Kloof Gold R1	£12¼xd–¼	+⅛	Q55c	ϕ	2.8
£17¼	875	Libanon R1	£14½xd	+½	Q110c	ϕ	4.9
£13¾	960	Southvaal 50c	£12¾	+⅝	Q9c	ϕ	0.4
480	340	Stilfontein 50c	430	+15	‡Q65c	1.3	‡
£33¼	£21	Vaal Reefs 50c	£32¾xd	+½	‡Q220c	1.7	‡

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

1975 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
112	56	Botswana RST R2	95	.....	—	—	—
390	196	Messina R0.50	340	+10	‡Q60c	2.9	‡

MISCELLANEOUS

1975 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
8	3	Burma Mine 17½p	8	.....	m0.5	—	1.7
65	17	Charterhall 5p	61	–3	—	—	—
225	75	Colby Mines $1	75#	.....	—	—	—
760	360	Cons. Murch. 10c	750xd	+30	‡Q130c	2.2	‡
59½	29½	Laurasia	37½	.....	—	—	—
19	13	NRD $1	15	.....	—	—	—
375	200	Northgate C$1	305	+5	Q65c	1.0	9.2
211	80	R.T.Z.	182	.....	19.9	4.4	4.2
135	47½	Sabina Inds. C$1	95	+8½	—	—	—
72	51	Stanford Mines $	72	+5	—	—	—
£12½	875	Tara Exptn. $1	£10½	+⅛	—	—	—
75	38	Yukon Cons C$1	60	.....	—	—	—

NOTES.

Unless otherwise indicated, prices are in pence, denominations are 25p and dividends are in net percentage terms. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to corporation tax of 52 per cent. and ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ◆ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ! Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- ║ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. M Figures based on prospectus or other official estimates for 1973-74. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 31

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £385 per annum for each security

FINANCIAL TIMES

Tuesday July 1 1975

Nkomo attacks other African leaders

BY TONY HAWKINS

SALISBURY, June 30.

WHILE MR. DAVID ENNALS, Minister of State at the Foreign Office, continued his talks to-day with Rhodesian political leaders, Mr. Joshua Nkomo, former leader of the Zimbabwe African People's Union, vigorously denied that he had plans to form a new party or enter into a secret deal with Mr. Ian Smith.

Mr. Nkomo lashed out at Bishop Muzorewa, president of the African National Council, and its publicity secretary, Dr. Edison Sithole. He told a news conference that Bishop Muzorewa had banned him from appearing on last week's Thames Television programme on Rhodesia, accusing the Bishop not only of failing to defend him against false charges but also of giving the appearance of "conniving at, if not supporting, the falsities." Bishop Muzorewa, had, he said, "a vested interest in the persistence of the dastardly criminal falsities against me."

'Secret deal'

Commenting on the now famous "secret deal" document, which Mr. Nkomo says was written and circulated by Dr. Edison Sithole, the ZAPU leader said, "Only a mad person who represents himself can negotiate in secret."

"I have stood and suffered for the cause of Zimbabwe for 20 years and it is absurd for anyone to suggest that today I can enter a secret deal with settlers."

He described the report that he was on the brink of forming or intending to form a party as "a big lie emanating from the big lips of expert liars."

Mr. Nkomo also lashed out at "his old friend" Mr. James Chikerema, leader of the Frolizi faction, one of three Nationalist groups that joined together under the ANC umbrella in December.

His outburst follows a long period of silence in which Mr. Nkomo has left the political running to Bishop Muzorewa and the Rev. Ndabaningi Sithole. But patently, Mr. Nkomo has had enough of this passive stance. He appears supremely confident of taking the ANC leadership at the party congress, fixed for July.

The Bishop and his supporters can forestall Mr. Nkomo's leadership bid only by postponing the congress, which they would find very difficult in the light of Mr. Nkomo's majority in the central executive.

Mr. Nkomo also launched a spirited defence of President Kaunda of Zambia, who he said was being subjected to "terribly false accusations" by the same people who were accusing himself of wanting to form a new party, and of the "secret deal."

Talk with chiefs

Meanwhile Mr. Ennals continued his Salisbury talks with another hour-long session with Mr. Smith at the Rhodesian Premier's official residence. Earlier he met a five-man delegation of Senator chiefs, led by the President of the Chiefs Council, Chief Chirau, and also delegations representing the Asian and Coloured communities.

To-night the ANC had its second session with Mr. Ennals, who flies home to Lonodn to-night.

The discussions are centred on securing agreement between Mr. Smith and the ANC on a venue, time and chairman for a constitutional conference.

One report gaining credibility here is that the Rhodesians will agree to a meeting at the Victoria Falls at which ANC delegates such as Mr. Chikerema and the Rev. Sithole could participate, with the ANC delegation staying across the border in Livingstone, Zambia, and crossing daily for the talks.

J. Lyons phases out tea shop successor

By Sandy McLachlan

THE J. Lyons Jolyon chain of restaurants is to be phased out completely. The Jolyon operation is the successor to the famous Lyons tea shops which had their heyday before the war when the company operated 240 around the country.

The Jolyon name was adopted in 1969, but the company has been gradually phasing them out over a number of years. At the beginning of the current financial year at the end of March there were still 42 in operation, but now the number is down to 24. A spokesman said that if things go according to plan the Jolyon name will have disappeared completely by the end of the financial year.

In recent years, Lyons has concentrated its retail catering activities in fast food outlets which it franchises out, and to more up-market outlets along the steak-house principle. There are now 830 fast food franchised outlets in the U.K.—including the Wimpey and Golden Egg operations—Lyons says that it is pleased also with the performance of its London Steak House chain. This was started up in 1968, and there are currently around 40 steak houses.

Marget Reid writes: In his chairman's statement, Mr. Brian Salmon, who refers to the impact which the company's high level of borrowings had on last year profit, discloses that a £20m. ten-year loan is being raised from the Finance Corporation for Industry.

Ryder seeks NEB support by institutions

BY HAROLD BOLTER, INDUSTRIAL EDITOR

SIR DON RYDER, chairman-designate of the Government's proposed National Enterprise Board, is trying to win support for the NEB among Britain's powerful institutional investors.

If his approach is successful, the NEB'S influence would be far greater than that suggested by the £1bn. so far set aside for the work of the Board in the Government's Industry Bill.

Sir Don outlined his strategy in an interview to the Press Association yesterday, in which he made it clear that he wanted the institutions to use their voting power to make directors listen when the NEB wanted to tackle a particular industrial situation.

"It can no longer be the case that when a big investor does not like what is going on in a company he simply unloads the shares," Sir Don said.

"I am hoping we will be able to go to people like the big insurance companies, who may own 5 per cent. or 10 per cent. of a company, and say to them are they with us in saying it is time a particular problem was tackled."

Some institutions had already asked the NEB to talks about the affairs of individual companies, Sir Don revealed, and he suggested that, when faith in the NEB had been built up, the Board would be working very closely with the institutions.

But Sir Don emphasised that he had no ambitions to take over a bank or any other City institution. The aim, he said, was for the Board to get worthwhile industrial projects off the ground by injecting funds and to help modernise or re-organise sectors of industry, where Britain was slipping behind.

"We want to act before a crisis comes," he said, "but there is no intention for the National Enterprise Board to become the biggest hospital in the country.

"We want to invest where we can do some good. If we do not think a company is viable we will say so. If the Government then comes back and says for one reason or another it wants the company sustained, we will do what we can and charge a management fee to the appropriate Ministry."

Sir Don made it clear that it should not be assumed that no company would be allowed to to fail.

Discussing the priorities for NEB action, Sir Don said that the first must be British Leyland, followed by the machine tool and foundry industries.

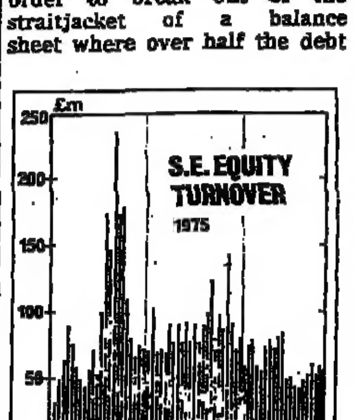
Last-minute efforts to persuade the Government to pay more than 10p a share for British Leyland are unlikely to get support from Sir Don—"The 10p offer is a gift. The equity shares are worthless."

He is confident that the Ryder plan and Government finance will revive BL, however, although he warned of a "long haul" before any dividends were paid.

THE LEX COLUMN

Lyons' financing requirements

J. Lyons published attributable profits of £8.3m. for 1974-1975, but the accounts show that shareholders' funds dropped by over £4m. during the year to £136m. — including £65m. of goodwill. Property and investment disposals contained the overall debt to £209m., and proceeds from this source are currently running roughly in line with annual debt repayments of about £12m. But net cash flow is still not covering fixed asset spending of about £20m., even though the U.K. programme has been more than halved. So Lyons is going to have to come up with something special in order to break out of the straitjacket of a balance sheet where over half the debt



is short-term, and to achieve its target of reducing borrowings to under half the figure for total capital employed — which currently stands at £367m.

A rights issue is plainly not the answer, given a current market capitalisation of just over £40m. And the ten-year loan of £20m. from the Finance Corporation for Industry—most of which is probably at a fixed rate—is a pricey way of reducing the pressure on bank borrowings. The answer may well be that Lyons will sell off more of its businesses: at the moment it is thinking in terms of taking in partners rather than outright sales.

Europe is the most likely area, since there are few potential buyers for U.K. operations and the group is anxious to hang on to its U.S. assets. It must have an eventual figure of £20m. or more in mind in order to meet its target. Reducing companies from subsidiary to associate status would have the additional cosmetic benefit of getting their debt out of the consolidated balance-sheet.

If the group could achieve

Index fell 3.8 to 291.8

this, the potential from inflation benefits within its balance sheet would take precedence over its apparent short term weaknesses. Meanwhile profits are pointing higher despite a lower property contribution this time. The U.S. acquisitions, costing over £40m., will start to make a worthwhile net contribution this time; U.K. ice cream ought to be substantially better; and interest costs should be well down. This ought to take care of all but the most savage price controls on the home front, and leaves some speculative appeal in the shares—a quarter off the peak at 136p, and yielding 8½ per cent.

English Property

English Property Corporation's combination of high gearing and a large overseas content has always tended to puzzle the market, and its curiosity is likely to be further aroused by its £15.4m. rights issue of convertible loan stock. After all, the proceeds will not make much of a dent in total net borrowings of £525m.—or even in bank and short term debt of £101m. outside Trizec. Moreover, the group has about £17.5m. in the bank at present and steadily decreasing requirements for its development programme in the U.K., where only about £10m. is needed to complete committed projects.

So it is not entirely clear what shareholders are receiving in return for a dilution in net assets per of about a tenth. The group's basic argument is that it is more advantageous for shareholders to put up money now than for it to carry out developments on a leaseback basis, or sell investment properties which it would prefer to retain. On this view, the issue will allow the group to keep certain investment properties which might have had to be sold in order to fund developments. In effect, shareholders are being asked to accept the argument that the property market is not at present discounting the growth in rents and values over, say, the next two years, which EPC evidently believes will occur.

Once upon a time, of course, property companies never had to advance such a view and, paradoxically as it might seem, the group says that one of the main reasons for its issue is to reassure the market—in particular, potential overseas lenders—that it is not sharing the problems of much of the rest of the property sector. The document certainly contains some comforting points — for example, on the limited future development commitments in the U.K., while the overall debt total appears to be under control And although not making any forecasts about profits for the current year, the group does look forward to "substantial" increases in U.K. rental income and profits in North America which will enable it to make "progressive" dividend increases from 1976 onwards. Shareholders still need to be convinced though that there might have been another way of making this point without asking them for money now.

Granada

The interim message from Granada is that March's forecast of roughly maintained profits this year can be modestly upgraded. After six months Granada is lagging by 7 per cent. at £7m. pre-tax with a sparkling performance in rental taking the sting out of a drop from around £3m. to £1.6m. in TV contracting. There has been further, steady growth in areas like publishing and bingo halls and for 1974-75 as a whole Granada's overseas rental operations are going to break even.

Robinson Rentals (80 per cent. owned) has jumped from £3.5m. to £4.5m. pre-tax having eased back a tenth last year and the key points are increased rental charges and a higher proportion of colour sets. Overseas the interim rental losses were £264,000 against close on £¾m. for the whole of last year; and rental turnover outside the U.K. is now running at about a sixth of domestic revenue. In contracting, the switch in the levy base will be less of a problem for Granada this half but profits are clearly going to be well down. Motorway services (15 per cent. of total profits last year) are ahead despite a shortfall on budgeted takings; and seven new cinema conversions take Granada's bingo chain up to over 30.

The shares eased 1p to 45p yesterday. But the prospective yield of 8.7 per cent. is going to be more than three times covered and rental income is currently accounting for something like two-thirds of total profits.

English Property plans a £15.4m. rights issue

BY NICHOLAS LESLIE

ENGLISH PROPERTY Corporation is planning the biggest rights issue in several years by a property company through the issue of a £15.4m. 12 per cent. unsecured loan stock, convertible into Ordinary shares of the company.

Announcing this yesterday, Sir Brian Mountain, the chairman, said that the aim was to repay certain short-term sterling debt and to fund the U.K. development programme. But it is clear that the company is also partly seeking to reassure both the property market and the investment world of EPC's basic strength.

Eagle Star Insurance Company, which owns 31.68 per cent. of EPC's Ordinary shares, 90.87 per cent. of its Preference shares and 28.55 per cent. of its existing loan stock, is to take up its entitlements in full, which amount to £4.21m. of the new stock. Underwriter for the £11.17m. balance of the issue is Samuel Montagu and Co., which reported yesterday that sub-underwriting of the issue had been completed.

There have been two other property company issues since the flood of rights issues was started earlier this year by Ranks Hovis McDougall. They are Slough Estates, which raised £5.5m. in April by issuing a 10 per cent. convertible stock—the issue was oversubscribed—and Property Holding and Investment Trust, which announced a £2.33m. issue last week of 9 per cent. convertible stock.

Sir Brian says in a letter to shareholders and stockholders that after raising substantial funds recently by fixed interest issues in North America—where EPC has very large interests—it was now considered appropriate to raise further sterling funds in the U.K. in preference to carrying out developments on a leaseback basis or disposing of investment properties which the company preferred to retain.

The group's development programme in the U.K. has been cut back over the past year and the cost of completing developments at May 31, 1975, is estimated at some £10m.

The £15m. net proceeds of the issue will be used to repay about £7m. of sterling debt—there is a total £104m. of short-term debt—with the balance available for general working capital, including U.K. development expenditure.

Although Sir Brian is unable to forecast profits for the year to October 31, 1975, it is expected to pay dividends not less than the 1973-74 total of 2.2835p per share.

The letter to shareholders discloses that at May 31, the total of medium-term borrowings was just under £92m. with a further £345.6m. of long-term borrowings.

The stock being issued is 12 per cent. convertible unsecured loan stock 2000-05. It will be issued on the basis of 100p nominal of stock for every seven Ordinary shares held; 200p nominal for every seven £1 Preference shares held; and 234p nominal for every £7 nominal of existing 6½ per cent. convertible unsecured loan stock 1998-2003.

Equal half-yearly interest payments will be made on April 30 and October 31 in each year and the stock will be convertible in the first 21 days of April in the years 1976-84 at a rate of 150 Ordinary shares for every £100 nominal of stock—equal to 66⅔p per share.

It will be necessary to increase the authorised share capital form £65m. to £80m. at an extraordinary meeting to be held on July 18. EPC's shares closed 1p down at 58p.

New Arab move to sell oil directly to Europe

BY ADRIAN HAMILTON

A GROUP of private Arab interests, represented by the Kuwaiti-registered Arab European International Trading Company (ARTOC), has made a significant move into oil marketing in Europe.

In a deal setting up the Independent Oil Company, ARTOC has joined with independent distributors in Holland, Italy and France to sell Middle East oil in Europe, and is now negotiating with U.K. and Scandinavian concerns.

Under the deal, announced yesterday, ARTOC will supply the distributors with their oil needs—now amounting to some 10m. tons of oil a year—at an advantageous price and will take 25 per cent. of the new company, the remaining shares to be held by the distributors.

The distributors sell to some 40,000 customers in Holland, 50,000 in Belgium, 55,000 in France, 60,000 in West Germany, and 20,000 in Italy.

Neither their names nor the names of the principal shareholders in ARTOC—a relatively unknown although well-connected company which has already taken interests in U.K. property and industrial projects—have been revealed.

The deal nonetheless represents a significant move into downstream oil sales by Arab interests. While similar projects have been proposed in the past, the relative impact of Arab money on the consumer oil marketing industry has so far been small.

This agreement takes a different approach in that it combines oil supply and funds to independent rather than major international oil company operators.

A central question will be whether ARTOC will be able to obtain oil at a discounted price in the Middle East against consistent denials by producers that they are willing to countenance any price cutting from official prices to third parties.

Revised offer ends ICI strike

BY OUR LABOUR STAFF

A STRIKE which has shut Imperial Chemical Industries' biggest manufacturing complex for 11 days ended yesterday when 7,000 production workers went back to work after considering a revised 26 per cent. pay offer.

Some 2,000 craftsmen at ICI's petro-chemicals base at Wilton, Teesside, who walked out before the production workers, will make their decision to-day.

Another 2,000 craftsmen on strike for three weeks at the nearby Billingham complex also decided to go back.

Further south, at Duncaster, craftsmen on strike at the fibres plant returned to work, ending two weeks of unofficial action which had closed the plant.

All these moves point to widespread acceptance of ICI's revised countrywide offer, now being recommended by negotiators of eight manual unions after talks on Friday.

The company has agreed to start a new cost of living threshold arrangement for its 57,000 manual workers in addition to the average 26 per cent. increase on basic rates already on the table.

This will mean automatic pay rises of 1 per cent. for each 1 per cent. rise in the retail prices index above its June level. The June figure will not be known until its official publication by the Department of Employment later this month.

ICI has thus joined the few major employers to have extended the threshold principle for another year or more. These include the Post Office — criticised by the Government for doing so — Ford Motor and British Airways.

The company's pay negotiations had run into unprecedented trouble this year, with the craftsmen protesting that the offer did not restore fully their differentials over general workers.

At 26 per cent., plus threshold, the offer — now apparently assured of general acceptance by the workers—is clearly beyond the letter of the social contract's cost-of living guidelines.

The unions had claimed rises of 55 per cent., arguing that much of this should represent continually rising productivity and was not therefore in breach of the contract.

$174.43 an ounce offer at U.S. gold sale

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, June 30.

HOMESTAKE Mining Company—one of the largest American gold mining concerns—to-day bid $174.43 an ounce for 5,000 ounces of gold, at the U.S. Treasury's second public gold auction.

This bid was some $10 an ounce above the closing London price, and one of the highest to be opened during the morning. In all, the Treasury has received some 750 sealed bids for the 500,000 ounces of gold it is offering to sell.

Another substantial bidder—though at a much lower price—was the J. R. Wood Jewellery Company of New York, which offered to take 6,000 ounces at $152 an ounce and lesser quantities at slightly higher prices.

In general, the first 100 or so bids to be opened showed that many American industrialists and private investors were offering pirces in the $150 an ounce range for quantities of 1,000 ounces and more. However, these early bids are frequently highly speculative and the more recent ones tend to be closer to the closing market prices.

When all the bids have been examined, the U.S. Treasury will decided on its selling price, which at the first auction last January was about 10 per cent. below the prevailing free-market rate. Bids at this or higher levels are then declared successful, though the bidder is only asked to pay the price set by the Treasury.

To-day's gold sale is the second to be held since private gold holding was legalised in the U.S. at the end of last year. Its aim is both to protect the American balance of payments against heavy bullion imports and, if possible, to force down the international price.

Over the past six months, the U.S. was a net importer of gold to the tune of about 700,000 ounces, which the Treasury believes could rise to 2.5m. ounces for the year as a whole, without to-day's sale. However, at the first sale, it could only find buyers for 750,000 ounces of the 2m. ounces it put up for sale at a price of 167.57 an ounce and many of these were in Europe.

The Treasury is not expected to decide its selling price and determine which bids have been successful until some time to-morrow.

Expansion at Govan 'under review'

Financial Times Reporter

THE GOVERNMENT is to review a £35m. five-year investment programme planned for the State-owned Govan Shipbuilders in Glasgow, Mr. Teddy Taylor, Conservative MP for Glasgow Cathcart, said yesterday.

He said he was given the news by Mr. Eric Varley, the Industry Secretary, at a meeting yesterday with the all-party shipbuilding committee, of which Mr. Taylor is a member.

The Minister had told the committee the programme was being reviewed because inflation had increased the estimated £35m. to £60m. But the review would be as "sympathetic" as possible.

Mr. Taylor said the committee urged Mr. Varley to make a clear statement on the nationalisation of shipbuilding because uncertainty and delay was damaging the industry. Mr. Varley had acknowledged that the shipbuilding nationalisation Bill was dead for this session, although there might be a token second reading to show the Government's commitment to nationalisation, and the Bill would have priority for the next session.

Continued from Page 1

Ministers

months of this year she had not only eliminated the deficit on her non-oil trade but "we have been in small surplus.

"In our overall trading account of goods and services, including oil, the monthly average deficit in the first five months has been £82m., just a quarter of the deficit a year ago. Although world trade has not increased as we hoped, we have increased our share of world trade for the first time in many years.

"And while we cannot be immune from the effects of the world recession, the fall in national output in Britain has been less than in other major Western developed countries."

Weather

U.K. TO-DAY

England and Wales: Dry with sunny spells after early fog. Northern Scotland: Cloudy, some rain. Other districts: Warm or very warm

London, Cent. S. England, Midlands, Channel Islands.
Dry, fog early, sunny spells. Wind N.W., light. Warm. Max. 24C (75F)

E. Anglia, S.E., E. England
Dry, fog early, sunny spells. Wind N.W., light. Warm. Max. 23C (73F)

S.W. England, S. Wales.
Dry, fog at first, sunny spells. Wind light. Warm. Max. 22C (72F)

N. Wales, N.W. England, Lake District, Isle of Man.
Dry, fog at first, sunny spells. Wind W., light. Warm. Max. 21C (70F)

Cent. N., N.E. England.
Dry. Fog then sunny spells. Wind N.W. light. Very warm. Max. 24C (75F).

Borders, Edinburgh, Dundee, Aberdeen, Cent. Highlands, Moray Firth.
Dry, sunny spells. Wind W., light. Very warm. Max. 23C (73F).

S.W. Scotland, Glasgow, N. Ireland.
Dry, sunny spells. Wind W., light. Warm, Max. 21C (70F).

Rest of Scotland.
Rather cloudy, occasional rain. Wind S.W., moderate. Near normal. Max. 16C (61F).

Outlook: Little general change. S. England becoming very warm, perhaps hot away from coasts.

Lighting-up: London 21.49; Manchester 22.10, Glasgow 22.34, Belfast 22.32.

Pollen count: London 43, low. Forecast, higher.

Long-range forecast Page 8

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Amsterdam	[illegible]	18	64	Madrid	S	29	84
Athens	S	28	82	Manchester	S	20	68
Bahrain	S	36	97	Melbourne	C	16	61
Barcelona	S	26	79	Milan	C	23	73
Belfast	C	21	70	Montreal	S	27	81
Belgrade	S	30	86	Moscow	S	19	66
Berlin	[illegible]	16	61	Munich	C	12	54
Birmingham	F	21	70	Newcastle	S	18	64
Bristol	F	21	70	New York	S	27	81
Brussels	F	18	64	Oslo	S	25	77
Budapest	C	15	59	Paris	F	19	66
B. Aires	C	16	61	Perth	F	14	57
Cairo	S	33	91	Prague	R	11	52
Cardiff	S	19	66	Reykjavik	C	8	46
Cologne	C	16	61	Rio de Jo	S	25	77
Copenhagen	F	16	61	Rome	F	26	79
Dublin	S	21	70	Singapore	C	29	84
Edinburgh	S	22	72	Stockholm	C	18	64
Frankfurt	F	16	61	Strasbrg.	F	15	59
Geneva	C	14	57	Sydney	S	17	63
Glasgow	S	19	66	Tehran	S	37	99
Helsinki	S	17	63	Tokyo	C	21	70
H. Kong	C	29	84	Toronto	S	26	79
Jo'burg	S	17	63	Vienna	R	15	59
Lisbon	S	26	79	Warsaw	F	17	63
London	F	19	66	Zurich	C	10	50
Luxembourg	C	27	81				

HOLIDAY RESORTS

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Ajaccio	S	26	79	Jersey	S	17	63
Algiers	S	30	86	Las Plms.	S	24	75
Biarritz	S	21	70	Locarno	F	21	70
Blackpool	S	17	63	Majorca	S	29	84
Bordeaux	S	21	70	Malaga	S	27	81
Boulogne	S	16	61	Malta	S	21	70
Casablanca	S	22	72	Nairobi	C	21	70
Cape Tn.	S	18	64	Naples	F	26	79
Corfu	S	29	84	Nassau	S	31	88
Faro	S	24	75	Nice	S	30	86
Florence	C	27	81	Oporto	S	20	68
Funchal	S	22	72	Rhodes	S	22	72
Gibraltar	S	21	70	Salzburg	C	12	54
Guernsey	S	17	63	Tangier	S	24	75
Innsbruck	R	10	50	Tenerife	F	20	68
Inverness	C	19	66	Tunis	S	30	86
I. of Man	S	20	68	Valencia	S	29	84
Istanbul	F	28	82	Venice	C	20	68

S—Sunny. C—Cloudy. F—Fair. R—Rain.

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